General Electric Company Annual Report -- 1981
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General Electric Company Annual Report

Today, business faces intensified worldwide competition and more rapid shifts in market structures. General Electric's aim in this environment is to have an organization more high-spirited, more adaptable and more agile than companies a fraction of its size.

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Note: Unless otherwise indicated by the context, the terms "GE," "General Electric" and "Company" are used on the basis of consolidation described on page 42. Unless otherwise indicated by the context, the terms "Utah" and "Utah International" mean Utah International Inc., as well as all of its "affiliates" and "associated companies" as those terms are used on page 42.

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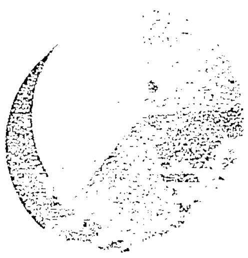
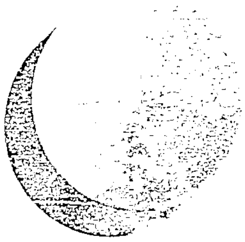
Financial highlights

(Dollar amounts in millions; per-share amounts in dollars)		1981 Amount	1981 % Increase from 1980	1980 Amount	1980 % Increase from 1979
For the year	Sales	$27,240	9%	$24,959	11%
	Net earnings	1,652	9	1,514	7
At year end	Total capital invested	$11,524	10%	$10,447	12%
	Share owners' equity	9,128	11	8,200	11
Per share	Net earnings	$ 7.26	9%	$ 6.65	7%
	Dividends declared	3.15	7	2.95	7

		1981	1980	1979
Measurements	Operating margin as a percent to sales	9.0%	9.0%	9.5%
	Earnings as a percent to:			
	Sales	6.1	6.1	6.3
	Average share owners' equity	19.1	19.5	20.2
	Average total capital invested	17.4	17.3	17.6
	Borrowings as a percent to total capital	19.4	20.0	19.5

		1981 Revenues by Segment	1981 Net Earnings by Segment
Technical systems	■	14%	6%
Services and materials	▩	9	23
Power systems	▨	21	13
Industrial products	▤	17	14
Consumer products	☐	23	18
Natural resources		6	17
Aircraft engine		10	9





Additional information on industry segments is presented on pages 22-28 and 49-50

To our share owners

Your Company's underlying strength and resiliency were reflected in its 1981 performance and year-end financial position.

Sales of $27.24 billion were up 9% over 1980. Earnings of $1.65 billion — $7.26 a share — were also 9% ahead of 1980. Total assets exceeded $20 billion for the first time: our debt-to-capital ratio was 19.4%; cash and marketables increased 12%, to almost $2.5 billion.

These 1981 earnings were produced in the face of weak economic conditions in the United States and most foreign markets; they also came on top of record levels of expenditures for research and development ($1.7 billion) and Company investments in plant and equipment ($2 billion). A number of electronics and computer software companies were acquired, strengthening General Electric in two areas targeted for high growth.

In April of last year, Reginald H. Jones retired after eight years as GE Chairman and Chief Executive Officer. Mr. Jones left us a healthy Company, one with a strong balance sheet and a record of sustained earnings growth. His other legacy, to us and to the business community, was the recognition that public policy and social responsibility are not mere adjuncts to business management, but are central to it. We miss him, but are confident we can build upon the strong foundation of financial and social stewardship he left to us. (See inside back cover.)

Rather than focus on the economic environment for 1982, which we see as a continuation of many of the difficulties faced around the world during 1981, we'd like this Annual Report to cover our financial performance, and to communicate the *positioning* we did last year that is designed to serve us well in the future.

First, and most critical, was *people positioning* — making the best possible fits between our managers and the business challenges. Second were *portfolio priorities* — channeling funds into high-growth opportunities in both our new and old businesses. Third were *program investments* — enhancing the technical strengths that must underlie our drive for worldwide market leadership. And fourth was *attitudinal positioning* — Company climate-setting designed to bring out the best in GE people.

On April 1, 1981, John F. Welch, Jr., (center) became Chairman and Chief Executive Officer of General Electric upon the retirement of Reginald H. Jones. Edward E. Hood, Jr., (left) and John F. Burlingame are Vice Chairmen and Executive Officers and, with Mr. Welch, make up the Corporate Executive Office.

People positioning occurred in the major Company reorganization on September 1, 1981 (see page 18). The people and the structures were selected both to capitalize on growth opportunities and to deal with problem businesses. These are different but equally important management challenges, and we are committed to reward successful execution in both environments. This focus on the selection and reward of people will be uppermost in your Corporate Executive Office priorities.

Portfolio repositioning takes two forms: strengthening our core businesses and developing new, fast-growth businesses. We are revitalizing our cash-generating core businesses by pointing their products and services toward changing market directions and dimensions.

With our core businesses serving as solid, income-producing platforms, our major focus is on developing strong positions in the more vital sectors of the world economy: engineered materials, information services, financial services, construction services, medical systems and natural resources. The challenge to the managers and their entire organizations in these high-growth businesses is "how big and how fast?"

Program investments increasingly have gone toward enhancing our computer software and electronics technology. This will enable us to serve, for example, the emerging megamarket of factory automation — the so-called "factory of the future." We have made the long-term commitments to achieve decisive leadership in this market by applying state-of-the-art technologies in areas where GE experience is second to none.

As for attitudinal positioning, there are three basic concepts we are emphasizing as part of the GE culture.

The first is *reality*. A sure grasp of marketplace realities and a clear understanding of corporate social responsibilities are essential in today's environment. Social expectations rightfully remain high, yet business faces intensified world competition and more rapid shifts in market structures. In this environment, a company must be a lean, low-cost producer of quality goods and services in order to survive, let alone prosper.

Corporate social responsibility in the '80s begins with a healthy company, derived from satisfying customers with quality products and services. Worldwide competitiveness leads to jobs and job security and the ability to support effectively social, educational and cultural endeavors — support that is impossible without a healthy corporate balance sheet.

A second basic concept is *excellence*. This means reaffirming and enhancing the Company's tradition for quality goods and quality services in an increasingly skeptical and quality-conscious age. And it means excellence in people — calling for the best in all of us — in some cases being even better than we thought possible.

The third concept we describe as *ownership* — the call for GE employees to assume full responsibility for the decisions they make on behalf of you and the Company. It means moving more decision-making power to operations — to managers who know their markets best.

We intend to make *reality*, *excellence* and *ownership* the basis for a pervasive operational atmosphere in which people will dare to try new things, where their own creativity and drive will determine how far and how fast they move. Whether in revitalized core businesses, or in the newer growth businesses, the result will be an organization more high-spirited, more adaptable and more agile than companies a fraction of our size.

This decentralized entrepreneurial energy will be aligned and augmented by the very considerable central strengths of General Electric — not just *financial* (a very strong balance sheet), but also *technical* (a research laboratory that is a model of excellence worldwide), and *human* (a manpower development system acknowledged to be among the very best) — all bonded further by the unifying power of the GE monogram — our trademark and most enduring asset.

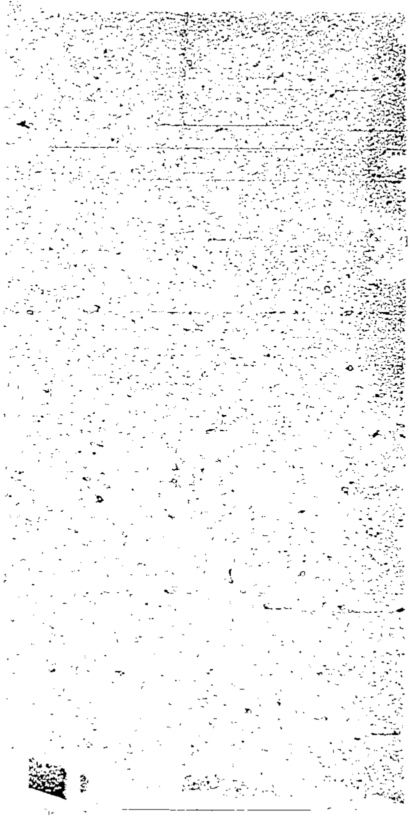
John F. Welch, Jr.
Chairman and
Chief Executive Officer

John F. Burlingame
Vice Chairman and
Executive Officer

Edward E. Hood, Jr.
Vice Chairman and
Executive Officer

February 26, 1982

Going for fast growth in a slow-growth world



In search of new polymers for GE's engineered materials business, scientists are using computer graphics to study a polymer's molecular structure in order to judge its properties.

Engineers in test control facilities at GE's Ohio aircraft engine plant use advanced computer systems that supply hundreds of different items of information on an engine's performance.

General Electric has set its sights on fast growth in a slow-growth world economy.

Slow growth brings intensified competition, making market leadership — being No. 1 or positioning to be No. 1 — a central requirement.

In most of the Company's core businesses, the tradition of innovation — of marrying technology with market needs — has given us leadership. Our determination to be the leanest, lowest-cost producer of quality goods and services should secure these leadership positions and sustain their role as generators of consistent earnings.

GE diversity provides continuous market contact with some of the newer, more vital arenas of the world's economy — whether they are old markets with emerging new needs, or new markets created by new enabling technologies. Within these arenas of exceptional growth, GE's objective is to attain unassailable leadership in its targeted markets, adding fresh growth to its core business strength.

Bringing about the 'factory of the future'

The urgent challenge of U.S. reindustrialization presents General Electric with significant market opportunities for its wide range of sophisticated products and services.

Large portions of U.S. productive facilities are now obsolete. World competition is forcing American industry to replace its outdated facilities with advanced manufacturing equipment and processes.

The industrial automation market is growing at well over 20% per year. General Electric during 1981 launched major efforts to provide the advanced automation systems needed to modernize U.S. industry. Using its own factories as laboratories for the development of new concepts, the Company plans to be a leader in equipping the "factory of the future."

Such factories will use computer graphics for design and planning. Final designs will be transferred directly to controls on the machine tools that manufacture product parts.

On the factory floor, programmable controls will team with numerical controls, lasers and industrial robots to build product parts, and solid-state inspection cameras linked to computers will assure quality.

Computers will link work stations, stock rooms, marketing activities, transportation and other job functions needed to get higher-quality products to customers faster, while lowering manufacturers' inventories significantly.

An important step toward the "factory of the future" was the acquisition of Calma Company, a leading supplier of computer-aided design and manufacturing equipment (CAD/CAM) based in California. To supplement this capability, General Electric acquired a 48% interest in the Structural Dynamics Research Corporation, a computer-aided engineering company located in Ohio.

Computer-aided engineering enables engineers to simulate product performance before prototypes are built. It streamlines product development and slashes costs.

To become a full-service supplier of automation equipment, GE also entered the rapidly growing industrial robot business. It presently is assembling and selling robots under worldwide licenses, and expects to offer its own innovative robots by 1984.

A roadblock to automation until recently has been the inability of machines to "see." But last year, the Company introduced its latest artificial vision equipment, the Optomation® II Instrument System, which brings electronic vision to the automated factory — giving "sight" to robots and other devices.

General Electric is also designing a computerized electronic "data highway" that will eventually link islands of automation in the factories of the future.

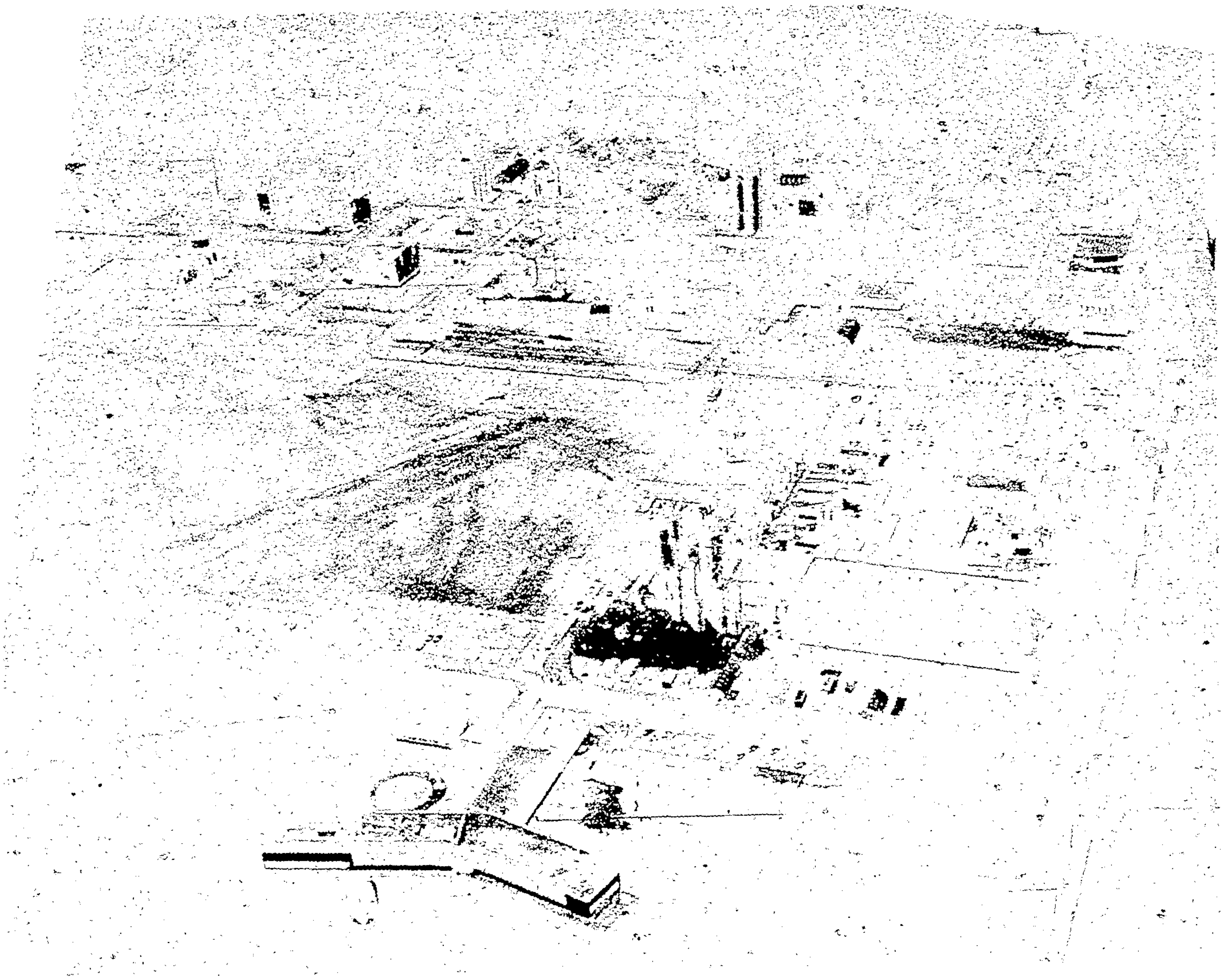
Putting all of these elements of the "factory of the future" together is a challenge for which General Electric is ideally suited. The Company's many diversified factories provide a unique experience base; its large sales and service network, in backing up these new technologies, can give General Electric a leadership position in this emerging megamarket of the '80s.

Pressing toward a "factory of the future," GE is expanding its industrial electronics facilities, including areas where programmable and numerical controls are built.

To reduce the size and cost of the tiny integrated circuit, GE researchers are advancing such processes as reactive-ion-beam etching in order to create microcircuits with sub-micron geometries.

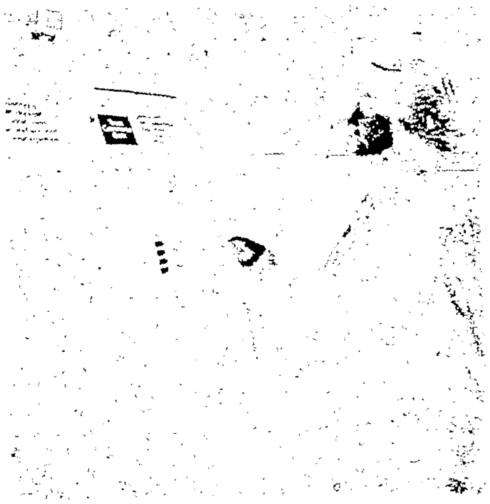
Capabilities in computer-aided engineering, acquired through GE's new link with Structural Dynamics Research Corp., include helping customers design components for automobiles.

Tube vibration studies, performed with the aid of a wind tunnel, are providing GE scientists at upstate New York research facility with data that could lead to improved heat exchanger designs for power plants.



Expansion of plastics plant at Bergen op Zoom in the Netherlands is part of a GE plan to double its manufacturing capacity for engineered materials in order to pursue new worldwide markets.

Advanced computer software for electronic banking, obtained through the 1981 acquisition of Banking Systems Inc., is allowing GE Information Services to expand beyond the timesharing field.



Innovating in information and financial services

Rapid growth in services was highlighted by the 1981 performance of General Electric Information Services Company. Sophisticated information services are in demand, and GE is meeting customers' changing requirements by offering both packaged and custom services.

Today's emphasis is on software solutions, to direct the ever-increasing intelligence of computers. In 1981, GE enhanced its software capabilities by acquiring specialized entrepreneurial companies, namely LTI Consulting Services Corp., Software International Corp., Banking Systems Inc., and Energy Enterprises of Denver, Inc., which serve fast-growing market niches. GE is selling solutions to problems, not just raw computer power.

Agility and responsiveness also characterize GE's affiliate, General Electric Credit Corporation (GECC).

The high cost of owning things — a major customer problem with interest rates so high — has become one of GECC's major opportunities. GECC is today one of the larger diversified finance companies in the U.S., offering leasing, business financing and other services. The transportation equipment owned by GECC and leased to customers makes it first in tonnage of any U.S.-flag tanker fleet, seventh in fleet size of commercial airlines, and 13th in size among major railroads in the nation.

GECC had record earnings again in 1981. Total earning assets grew to more than $11 billion. The original cost of leased equipment added to its leasing portfolio was $1.9 billion. Responding to opportunities afforded by the Economic Tax Recovery Act of 1981, GECC participated actively in tax leases involving customers who have undertaken major capital equipment and refurbishment programs, including those in the metals, utility, airline and railroad industries. These leases will result in improved cash flow and net earnings over a long period.

Innovative financial services of GE Credit are assisting U.S. reindustrialization, typified by leased grinding machines at an automotive engine plant near Detroit.

Creating high-technology materials

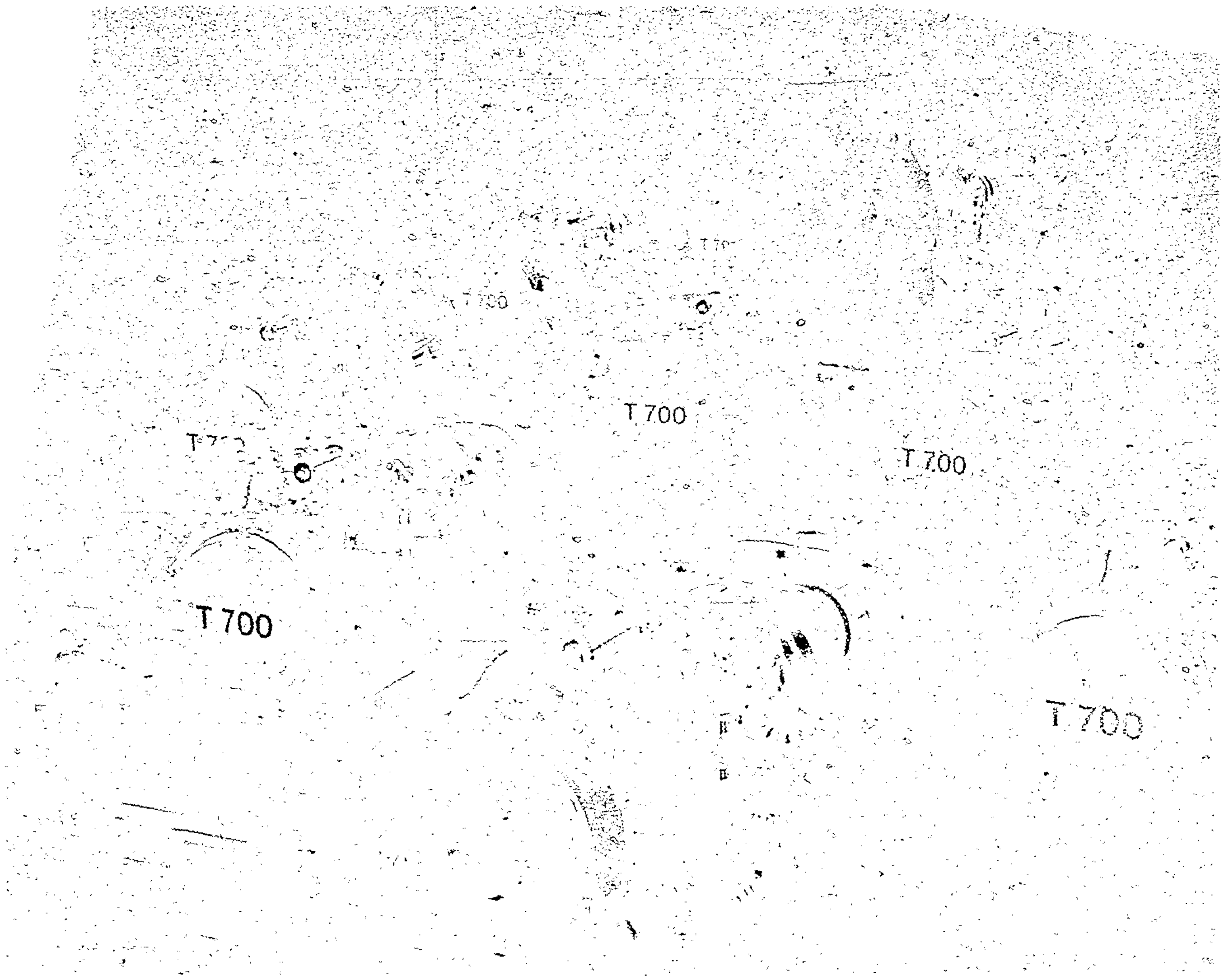
Engineered materials — including many new products developed in GE laboratories — are rapidly growing sources of sales and profit.

The Company's materials business is in the process of doubling its manufacturing capacity — expanding a materials plant in the Netherlands, building a new synthetic diamond plant in Ireland, and developing a materials plant in Japan and a multimaterials plant in Alabama, the latter representing an estimated investment of $1.5 billion.

Today, General Electric chemical, plastics and metallurgical products increasingly are being specified and used in many different world markets.

The automotive industry provides a $1-billion-plus market opportunity. Already, GE plastics, silicones and circuit-board materials can be found in more than 100 automobile applications around the world.

Superabrasive products developed by GE scientists are revolutionizing oil and gas drilling and coal mining, represented here by Stratapax® blank drill bits that can drill several times faster than other bits in certain strata.



Popular GE aircraft engine offerings include two derivatives of the T700 helicopter engine, the CT7 turboprop and turboshaft engines for commuter aircraft and commercial helicopters.

Huge haulage vehicles such as this truck operated round-the-clock at Cananea copper mine in northern Mexico are furnishing a sizable market for GE motorized wheels, which power the vehicles.

Growing transportation markets

Transportation needs of both commercial and military customers are furnishing General Electric with other opportunities for significant growth.

The U.S. Administration's current emphasis on national security will require advanced military aircraft engines. GE jet engines have been selected for the B-1B bomber program and the advanced-technology bomber program.

Although airline deregulation, high fuel costs and the decline in rate of growth in revenue passenger miles have affected the short-term demand for large commercial engines, this market is expected to grow during the decade. In 1981, GE certified the new CF6-80A engine for the Boeing 767 and Airbus A310 aircraft.

Meanwhile, there is a continuing program to re-engine DC-8 commercial aircraft and KC-135 military tankers with CFM56 engines, produced jointly by GE and SNECMA, the French engine manufacturer. Initial airline orders were received during 1981 for the new Boeing 737-300, to be powered by a new version of the CFM56 engine.

General Electric locomotives are also a growth business, now helping to upgrade rail transportation systems worldwide.

The U.S. railroad industry is enjoying bright prospects, benefiting from deregulation, mergers and a high degree of fuel efficiency in moving the nation's freight. These developments are expected to create an ongoing demand for locomotives. General Electric's highly efficient locomotives complement railroads' efforts to cut costs and increase productivity.

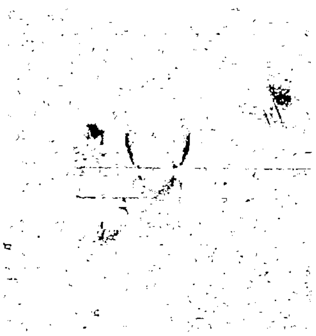
The increased mining of coal is spurring demand for another Company transportation system, the GE electric wheels on huge haulage vehicles used in surface mining.

At its locomotive facilities in Erie, Pa., General Electric in 1981 began a major program to increase productivity. A center is also being built to improve the quality of service and maintenance training that the Company provides its customers.

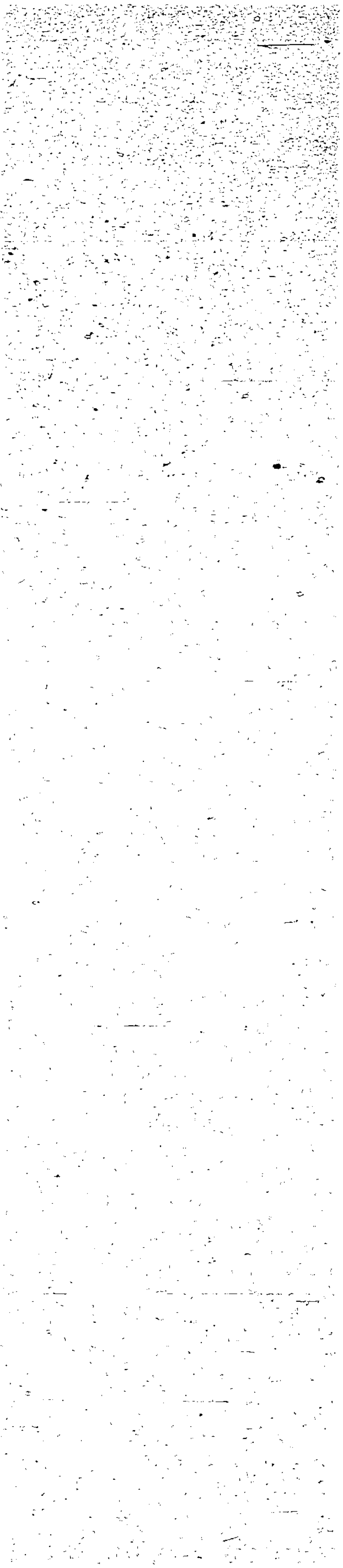
Moreover, the Company's sophisticated manufacturing facilities in the aircraft engine and locomotive businesses are providing valuable insights for General Electric's "factory of the future" thrust, both internally and externally.

For example, experience gained at the Company's aircraft engine plants in such technology as computer-aided manufacturing, testing and engineering of complex aircraft-turbine parts has generic applicability to all GE manufacturing operations. Likewise, the productivity improvements being developed at the Erie locomotive plant will serve as models for many other companies that are modernizing mature facilities.

To help Mexico modernize its rail system, GE is supplying locomotives from its Pennsylvania plant, and is also sending component sets to a Mexican National Railways facility in Aguascalientes where final assembly takes place.



Bright, abstract images produced in GE photoelastic lab in Ohio provide telltale signs of how various aircraft-engine components would fare under conditions of stress encountered in flight.



Strong utility demand for maintenance and fuel services at nuclear power plants is creating significant new business for GE.

On its way to help supply electric power for a Taiwan utility, this giant GE steam turbine-generator stator was shipped from a New Jersey port in 1981.

Developing worldwide energy horizons

General Electric, in one of its oldest businesses, had an active year in world energy markets.

The Company received an order valued at over $500 million from a Japanese utility for the world's largest and most advanced STAG® (steam and gas) combined-cycle power station. General Electric is providing seven STAG systems each to twin 1,000-megawatt power plants, and is furnishing additional services.

Even with the present slow growth of the U.S. utility market, General Electric during the year received orders for four 820-megawatt steam turbine-generators for the Intermountain Power Project in the West. The new coal-fueled generating station will serve 35 California and Utah utilities.

Also in 1981, GE acquired from the California-based Envirotech Corporation the assets of its air-pollution-control business, and received from the Intermountain Power Project the largest order ever placed for this kind of equipment.

Packaging new energy solutions

A Construction and Engineering Services Group was formed in 1981 to package energy systems better, and then support them with worldwide project management, design and engineering, construction and maintenance services.

Throughout the world, GE power systems businesses offer customers creative energy options. Cogeneration is one example. Rising fuel costs, uncertain energy supplies and conservation efforts have heightened its appeal. Both electricity and steam can be produced with significantly less fuel than if they were produced separately.

Use of GE mechanical drive turbines is also on the increase. Employed in such industries as oil refining and fertilizer and methanol manufacturing, these turbines are popular offerings in many world markets. This year, they will be supplemented with a line of advanced centrifugal compressors.

In Taiwan during 1981, the world's first BWR/6 nuclear plant, which includes General Electric's most advanced nuclear steam supply system, began operation. Just over five years elapsed in building the Kuosheng plant, an enviable schedule by today's typical nuclear construction standards.

Discovering nature's resources

Cost competitiveness in coking coal is a major strength of General Electric's largest consolidated affiliate, Utah International Inc. Utah is also an important world supplier of other minerals, and conducts an aggressive mining program using advanced recovery techniques.

Coking coal, used primarily by the steel industry, is Utah's largest business. Based in Australia, Utah coking coal operations enjoyed strong 1981 sales despite reduced worldwide steel production.

Utah's steam coal operations, primarily based in New Mexico's Four Corners area, produce coal at the point of use, supplying power plants adjacent to the mines. In the East, where the company sold its first Kentucky steam coal last year, Utah's strategy is to rely on both long-term contracts and spot sales.

The oil and gas operations of Ladd Petroleum, a Utah subsidiary, are expanding. In 1981, Ladd increased both its exploratory and development expenditures in the U.S. by more than 20%. Ladd's proven developed oil and gas reserves increased 9% during the year.

Serving a discerning consumer

Faced with present-day concerns about the economy, consumers are buying less, but "buying smarter." In the consumer products area, General Electric is focusing on premium-quality offerings, represented by 1981 audio, housewares and major appliance products that incorporate the new electronics.

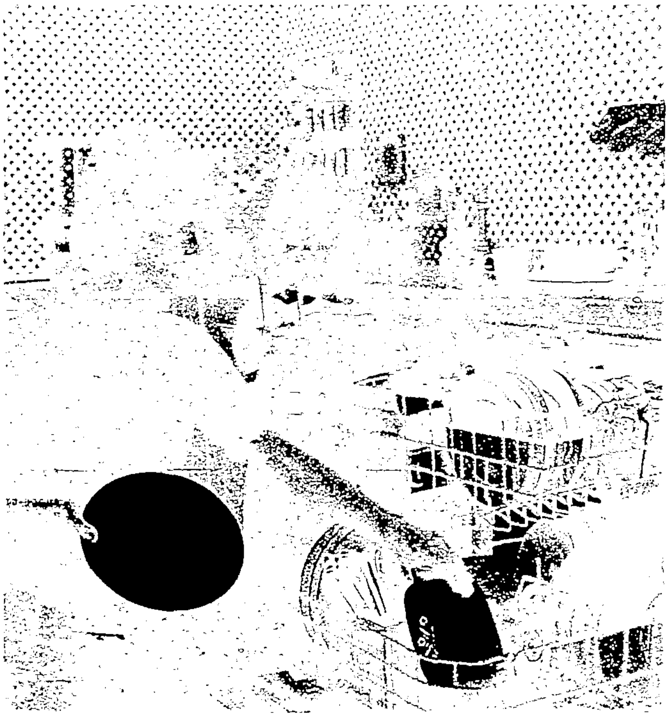
Quality and productivity improvements will help improve profit margins for these businesses. GE consumer-product plants are using CAD/CAM and other advanced-factory techniques in many operations. In 1981, a modernization program at the dishwasher plant in Kentucky was begun, replacing the facility's electromechanical equipment with "factory of the future" components.

Improving health care

An outstanding example of this Company's "bringing good things to life" while protecting life itself is its medical systems business. Today, GE offers top-quality diagnostic equipment in every major imaging field.

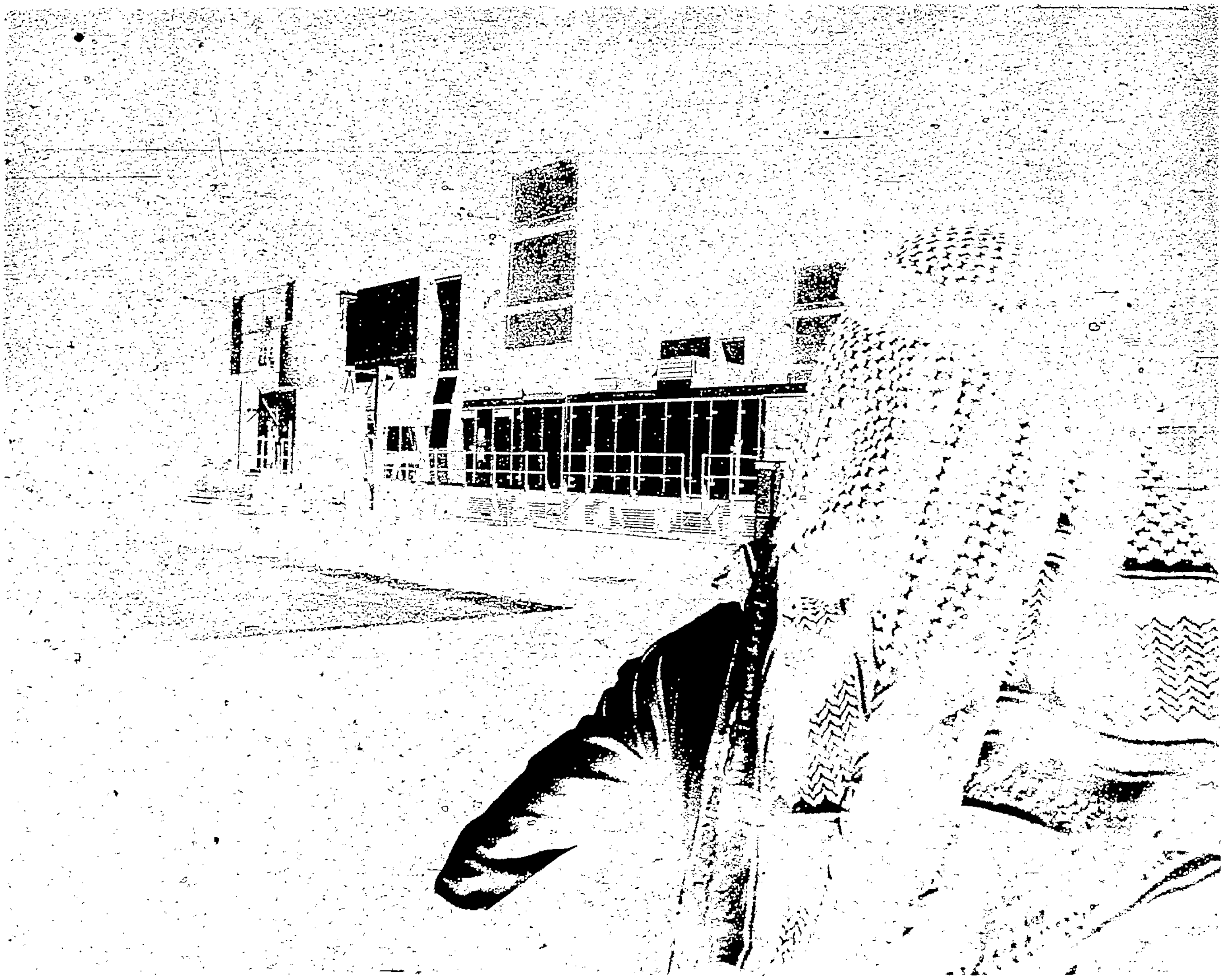
During the year, GE improved its worldwide leadership in computed tomography and x-ray by introducing its new CT 9800 scanner as well as the digital Fluoricon® 3000 x-ray system. These products enable many patients to avoid exploratory surgery.

Giant bucket-wheel excavator (left) and conveyor system at Utah's Goonyella coking coal mine in Australia make surface mining economically feasible at greater depths.



By offering innovative consumer products such as the microprocessor-controlled Model 2500 dishwasher, GE is staying abreast of people's desires and trying to make their lives easier.

Emphasis on health care is evident in the many General Electric diagnostic imaging systems, including the new CT 9800 scanner introduced in 1981.



Serving Saudi Arabia's infrastructure needs, GE is supplying that nation with a variety of products and services, including gas turbines at the industrial city of Yanbu.

Battery manufacturing in Mexico is one example of the Company's profitable worldwide activities, which also serve to bolster foreign economies.

Becoming a world-class competitor

A common characteristic of GE's diverse initiatives in the 1980s will be a *world view*. Higher growth expectations in foreign markets encourage this perspective, and world-class competition in U.S. markets will serve to enforce it.

A combination of innovation and cost leadership is the essence of the General Electric worldwide thrust. Innovation is demonstrated by the Company's export of a wide and expanding array of sophisticated products and services. Cost leadership is typified by Utah International, a leading low-cost supplier of coking coal to world markets.

GE diversity allows it the flexibility to compete worldwide in diverse ways, adopting whatever country and regional strategy is appropriate. Exporting is one way by which GE markets leading-edge products abroad. Another way is to produce them overseas, including high-performance plastics in the Netherlands and Japan.

Still another way is through broad-based operations in countries such as Mexico, where the Company's early presence there strengthens its market position. Licensing of U.S.-developed technologies is yet another facet of GE participation in world markets.

Increasing the emphasis on technology

A second common characteristic of General Electric's pursuit of world markets will be investment in technology, to stay at its leading edge on several market fronts.

Technology investments increased in nearly all businesses in 1981, with major emphasis on industrial electronics. The Company's intent is to capture leadership in the emerging factory-automation megamarket.

On top of its automation equipment and software acquisitions (see pages 6-9), GE in 1981 acquired Intersil, Inc., a California-based semiconductor manufacturer.

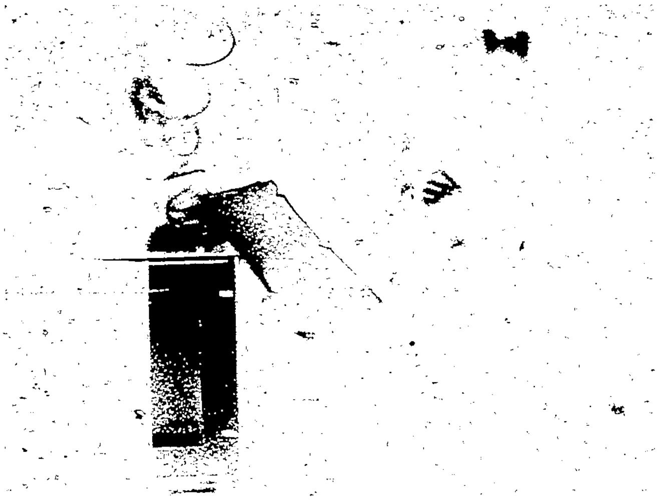
The Company also continued construction of a Microelectronics Center in North Carolina where highly sophisticated devices will be designed and produced. Ground was broken for an electronic automation center in Charlottesville, Va., and in 1982, this center will provide a showcase for the GE "factory of the future" thrust.

The Research and Development Center in Schenectady is completing an $85 million program to expand its facilities by nearly 50%. It will provide scientists and engineers with the world's most modern tools for expanding knowledge of electronics, computers, materials and energy.

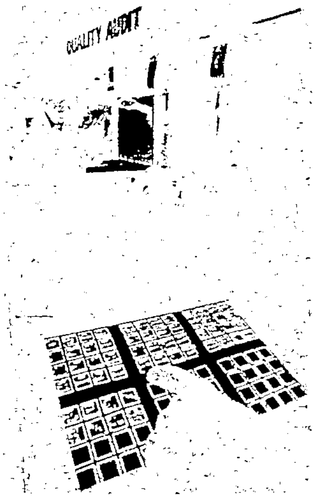
Insisting on quality better than the best

Translating the Company's technologies into the highest-quality *products* attainable is GE's primary mission.

By inspiring its *people* to be "better than the best," GE sees fast growth for itself in a slow-growth world, while helping to counter today's keener foreign competition and buttress the U.S. economy.



A voice-data-entry system in GE's Maryland appliance plant lets workers talk directly to a computer as they monitor the quality of parts moving past them on a conveyor.



To help assure the quality of dishwashers manufactured at GE's Kentucky appliance plant, assembly-line data are fed into a computer to aid inspectors in spotting deficiencies.

GE people, organization to support growth strategies

Success for the new business thrusts planned for General Electric in the '80s depends upon highly motivated people and an organizational structure that encourages their creative interaction.

In the first major change in the Sector organization structure since it was established in 1977, a strategic realignment was made September 1. It provides opportunities for new teams of managers to generate new growth for the Company in areas such as electronics and the fast-growing services businesses.

As detailed on pages 22-28, the realignments include:

- A new Technical Systems Sector, coordinating industrial electronics operations; components that design and produce integrated circuits; and microelectronics-intensive businesses, including medical systems, mobile communications and aerospace businesses.
- A new Services and Materials Sector, combining three high-growth businesses: General Electric Credit Corporation, Information Services Division and the Engineered Materials Group. The Sector also includes General Electric Venture Capital Corporation.
- A restructured Power Systems Sector, complementing its heavy equipment businesses with an enlarged services strategy through formation of the Construction and Engineering Services Group linking GE engineering and equipment services businesses with the Company's international construction operations.
- A realigned Industrial Products Sector, bringing together under a new management team the Company's businesses in contractor equipment, motors, transportation systems and the General Electric Supply Company.
- A repositioned Aircraft Engine Group, gaining increased top management attention and continuity through reporting directly to Vice Chairman Hood, much of whose GE career has been concentrated on developing this high-technology business.

GE domestic employment, including consolidated affiliates, averaged 289,000 during 1981, compared with 285,000 in 1980.

Continued progress in equal employment opportunities for women and minorities was demonstrated. Analysis of domestic employment of General Electric for the year ended September 30, 1981, showed the number of women managers up 16%, from 1,116 to 1,298, and minority managers increasing 6%, from 1,258 to 1,336. Women professionals increased 9%, from 5,102 to 5,569, and minority professionals were up 3%, from 3,558 to 3,676. More than 12,000 women and 6,000 minorities were promoted in 1981. Overall, women account for 28% of GE employment and minorities, 12%.

Wages and benefits for GE employees were improved in 1981. Pay increases for most hourly and graded salary employees totaled 65 cents an hour. Benefits were improved, since most benefits in GE are directly tied to pay levels. Major union contracts covering most hourly employees expire June 27, 1982. The Company is already working toward the constructive negotiation of new agreements.

Employee development and training continued to receive strong emphasis. The Company expanded its recruiting and university relations programs for attracting college graduates and experienced personnel with "high-tech" skills. More than 1,000 employees participated in apprentice programs at 30 Company locations. Approximately 700 engineers participated in the GE Advanced Course in Engineering, a master's degree program conducted jointly with 18 universities. Nearly 5,000 employees participated in training courses at the GE Management Development Institute in Crotonville, N.Y., and there were another 24,500 enrollees in courses distributed from Crotonville. Hundreds of locally developed programs were conducted by GE components throughout the world.

Contributions by the Company and the General Electric Foundation to domestic philanthropic organizations totaled approximately $17 million. Included in the Foundation's contributions were $3.5 million in support of health, welfare and youth programs through grants to 255 United Way organizations.

Special efforts to increase the participation of women in the GE professional, managerial and hourly work force are focusing on their hiring, promotion and retention.

Taking the necessary steps to ensure it hires and retains the people needed for its growing businesses, GE is expanding recruiting and training programs.

Board of Directors

Committees of the Board

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Lawrence E. Fouraker
George M Low
Gertrude G Michelson
Lewis T Preston

Finance Committee
Edmund W. Littlefield, Chairman
John F Welch, Jr., Vice Chairman
Charles D. Dickey, Jr.
Henry H. Henley, Jr.
Gilbert H Scribner, Jr
Walter B. Wriston

Walter B. Wriston
Chairman of the Board and Director, Citicorp and Citibank, N A, New York, N Y. (1962)

Ralph Lazarus
Chairman of the Board and Director, Federated Department Stores, Inc, Cincinnati, Ohio (1962)

Gilbert H. Scribner, Jr.
Chairman of the Board and Director, Scribner & Co, real estate and insurance Chicago, Ill (1962)

Edmund W. Littlefield
Chairman of the Executive Committee and Director, Utah International Inc, San Francisco, Calif (1964)

Gertrude G. Michelson
Senior Vice President, External Affairs, R H Macy & Co, Inc, retailers, New York, N Y (1976)

Lewis T. Preston
Chairman of the Board and Director, J. P Morgan & Co Incorporated and Morgan Guaranty Trust Company, New York, N Y (1976)

George M. Low
President, Rensselaer Polytechnic Institute, Troy, N Y. (1977)

Richard T. Baker
Consultant to Ernst & Whinney, public accountants, Cleveland, Ohio (1977)

General Electric's Board of Directors during 1981 lost the valued services of four Directors and one new Director was elected, leaving Board membership at 17.

Reginald H. Jones, a Director for 10 years, left the Board upon his retirement in April as Chairman and Chief Executive Officer. A tribute to Mr. Jones is on the inside back cover of this Report.

John E. Lawrence did not stand for re-election under the Board's age rule. Mr. Lawrence served on your Company's Board for some 23 years through three GE administrations. His wise counsel and tireless enthusiasm made him an especially effective contributor to the Company's success.

J. Paul Austin, who provided unique counsel to the Board during his 16 years of valuable service as a Director, did not stand for re-election.

Samuel R. Pierce, Jr., resigned after seven years of distinguished service on the Board of Directors to serve the government as U.S. Secretary of Housing and Urban Development.

Lawrence E. Fouraker accepted the Board's invitation to stand for election at the 1981 Annual Meeting. A professor of business administration at the Harvard Graduate School of Business Administration, Dr. Fouraker served as the school's dean from 1970 to 1980, has taught business and government relations, and headed the school's international business area.

In addition to 11 regular meetings in 1981, Directors participated in the meetings of the seven committees, listed above, which aid the Board:

The *Audit Committee,* made up entirely of Directors

Management Development and Compensation Committee
Ralph Lazarus, Chairman
Silas S. Cathcart
Henry H Henley, Jr
Henry L Hillman
Walter B. Wriston

Nominating Committee
Charles D Dickey, Jr., Chairman
Henry H Henley, Jr.
Ralph Lazarus
Edmund W Littlefield
George M Low
Gertrude G Michelson

Operations Committee
Henry L. Hillman, Chairman
John F Welch, Jr., Vice Chairman
James G Boswell II
Silas S Cathcart
Gertrude G Michelson
Lewis T. Preston
Gilbert H Scribner, Jr

Public Responsibilities Committee
Henry H Henley, Jr., Chairman
John F Burlingame, Vice Chairman
Richard T. Baker
Lawrence E. Fouraker
Henry L Hillman
Ralph Lazarus
Gertrude G. Michelson

Technology and Science Committee
George M. Low, Chairman
Edward E Hood, Jr., Vice Chairman
James G. Boswell II
Charles D. Dickey, Jr.
Henry L. Hillman
Edmund W Littlefield

James G. Boswell II
Chairman of the Board, Chief Executive Officer and Director, J G Boswell Company, farming and related businesses, Los Angeles, Calif (1971)

Charles D. Dickey, Jr.
Chairman of the Board and Director, Scott Paper Company, Philadelphia, Pa (1972)

Henry L. Hillman
President and Director, The Hillman Company, diversified operations and investments, Pittsburgh, Pa (1972)

Henry H. Henley, Jr.
Chairman of the Board, Chief Executive Officer and Director, Cluett, Peabody & Co , Inc , manufacturing and retailing of apparel, New York, N Y (1972)

Silas S. Cathcart
Chairman of the Board and Director, Illinois Tool Works Inc., diversified products, Chicago, Ill (1972)

John F. Burlingame
Vice Chairman of the Board, Executive Officer and Director, General Electric Company, Fairfield, Conn (1980)

Edward E. Hood, Jr.
Vice Chairman of the Board, Executive Officer and Director, General Electric Company, Fairfield, Conn (1980)

John F. Welch, Jr.
Chairman of the Board, Chief Executive Officer and Director, General Electric Company, Fairfield, Conn. (1980)

Lawrence E. Fouraker
Professor of Business Administration, Harvard University Graduate School of Business Administration, Boston, Mass. (1981)

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from outside the Company, met four times. Its reviews included those of activities of both the Independent Public Accountants and the Corporate Audit Staff.

The *Finance Committee*, meeting four times, reviewed the Company's financial position, and examined the operations of the General Electric Credit Corporation and the Company's investments in foreign operations.

The *Management Development and Compensation Committee*, in its 10 meetings, conducted reviews of changes in management as well as in the exempt salary structure and executive compensation programs.

The *Nominating Committee*, meeting on three occasions, concentrated on selecting new Directors and on restructuring memberships of the Board Committees.

The *Operations Committee* and the *Technology and Science Committee* held, respectively, five and two meetings; including two jointly, in which they assessed the business performance and technologies of GE nuclear and medical systems businesses. In another meeting, the Operations Committee reviewed changes in national defense policies and their impact on GE operations.

The *Public Responsibilities Committee* devoted its two meetings to reviews of the Company's environmental protection programs, GE performance as an equal opportunity employer, and other corporate responsibilities.

The *quarterly dividend* was increased by the Board in May from 75 cents to 80 cents per share.

The listing of Directors from left to right is in order of their Board seniority, with the year in which they were first elected shown in parentheses.

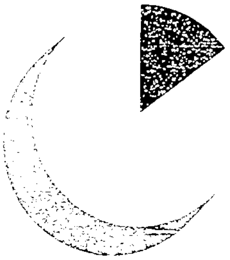
Summary of worldwide results by industry

(see pages 49-50 for further detail)

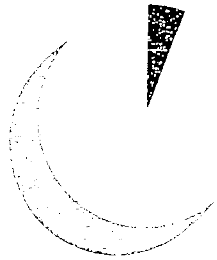
Technical Systems

James A. Baker
Executive Vice President and
Sector Executive
Technical Systems Sector
  Industrial electronics
  Aerospace
  Medical systems
  Mobile communications
  Advanced microelectronics
  Robotics

1981 Revenues



1981 Earnings



(In millions)	1981	1980	1979	1978	1977
Revenues	$3,979	$3,252	$2,761	$2,443	$2,251
Net earnings	98	105	113	100	84

"Product leadership in today's changing markets requires a major acceleration of high-technology resources, particularly those that are electronics-based. By 1990, most of the world's products and processes will be impacted by this electronics revolution. Our primary mission is to have the best technical capabilities at our disposal to offer the needed electronic components and systems to serve our markets.

"Although all Sector businesses are oriented to electronics technologies, the world's need for productivity is the driver of our increased program spending," observes Executive Vice President James A. Baker. "This Sector has been assigned the Company's leadership role in factory automation, and 1981 acquisitions and new product introductions are responsive to this role. Although increased program spending is required short-range, the long-range opportunity is enormous."

Revenues in 1981 were 22% ahead of 1980. Lower earnings reflected product development and acquisition costs related to GE's increased focus on industrial electronics, advanced microelectronics and robotics. Results also include the one-time gain on sale of shares of Applicon Inc., in accordance with a commitment to the U.S. Federal Trade Commission concerning the Calma acquisition, and nonrecurring charges related to the Calma and Intersil acquisitions. Calma and Intersil operations were profitable, excluding acquisition-related costs.

Acquisition-related investments totaled $334 million. Exclusive of acquisitions, capital expenditures reached $255 million, a 55% increase over 1980. In addition, program expenses increased 37% to $200 million, primarily to support GE's factory automation strategy.

Industrial electronics had higher sales in 1981. Earnings were down, principally because of significant expenditures on automated systems and products. These results include industrial electronics systems, electronic components, and Calma Company and Intersil, Inc. Robotics and other sophisticated technologies are also included.

Aerospace sales and earnings were well ahead of a year ago. These high-technology products include aircraft flight controls, radar and sonar systems, communication satellite systems and other defense-related products.

Medical systems sales and earnings also were well ahead of 1980. Substantially higher sales of GE computed tomography systems were the major factor in the exceptionally strong results. Besides CT products, medical systems includes x-ray, ultrasound, and other diagnostic products and services. For the future, program expenses have been substantially increased to support digital x-ray and nuclear magnetic resonance.

Sales of mobile communications equipment were flat, and lower physical volume reduced earnings. Products and related services include mobile radio and data communication equipment sold to a variety of commercial customers and government agencies.

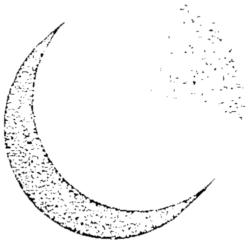
By unifying electronics technology and allocating substantial resources to strengthen GE technical capabilities, we are positioning to become a major factor in the emerging electronic components and systems market.

Services and Materials

Lawrence A. Bossidy
Executive Vice President and
Sector Executive
Services and Materials Sector
Engineered materials
Information services
General Electric Credit Corporation
General Electric Venture
Capital Corporation

1981 Revenues

1981 Earnings



(In millions)	1981	1980	1979	1978	1977
Revenues*	$2,593	$2,230	$1,991	$1,561	$1,337
Net earnings*	382	321	302	221	193
*Includes GE earnings from General Electric Credit Corporation	129	115	90	77	67

"Two of the brightest growth areas of today's economy are financial and information services and engineered materials. To maintain market leadership, General Electric is introducing many innovative types of information and financial services. And our scientists and market development specialists are in close pursuit of new applications of plastics, silicones and superabrasive products to meet industry's changing demands," states Executive Vice President Lawrence A. Bossidy.

"General Electric Venture Capital Corporation has been aligned with the technological and services thrust of other Sector businesses. The affiliate experienced its most profitable year in 1981 and continues to seek equity positions in companies with emerging technologies and high-growth prospects."

Earnings were up sharply from the previous year. Revenue increases were due primarily to higher physical volume of sales worldwide.

In engineered materials, sales were substantially ahead of last year with a major increase in earnings. Despite the economic downturn, these businesses continued to penetrate and expand the spectrum of applications in worldwide markets by utilizing innovative products. The broadening of the application base in these businesses is exemplified by new engineering plastic products and silicone sealants for automotive, business machines and construction markets; rechargeable batteries to protect microelectronic memories; high-technology circuit-board materials; long-life diamond-based Stratapax® drilling components for the energy markets; and high-productivity Carboloy® tungsten carbide for metalcutting.

To meet growing demand, major capacity expansions were completed at several existing U.S. manufacturing facilities; in Europe, the materials plant in the Netherlands is also being expanded. Major new facilities under development include a multimaterials plant in Alabama, a diamond factory in Ireland, and a materials plant in Japan. The Alabama center is designed for expansion of engineered-materials capacity in the decade ahead.

Sales and earnings of information services continued to increase dramatically in 1981. Four acquisitions were made during the year to implement the strategy of providing full computer services rather than just raw computing power. A major current focus is the development of packaged and custom software, distributed data processing and consulting services. A heavy demand for these offerings exists as industry worldwide attempts to accelerate the search for solutions to business problems.

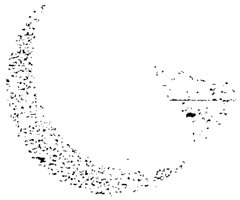
GECC's net earnings, exclusive of an income support payment, increased 12%, despite high interest rates that produced a 45% increase in interest expense. (See page 46 for condensed GECC financial statements.) GECC's net earning assets increased 26% to $11.3 billion. Strong growth in leasing activities was the highlight of 1981 operations, including expansion into new markets such as trucks, telecommunications and machine tools. During 1981, $1.9 billion of original-cost leased equipment was added to GECC's portfolio, the second year of billion-dollar-plus growth. The aggregate original cost of leased equipment in GECC's portfolio is $7.9 billion. GECC reacted quickly and resourcefully to new markets created by the Economic Recovery Tax Act of 1981.

Power Systems

Herman R. Hill
Executive Vice President and
Sector Executive
Power Systems Sector
  Turbines and turbine-generators
  Construction and engineering services
  Switchgear, meters, transformers
  Nuclear products and services

1981 Revenues

1981 Earnings



(In millions)	1981	1980	1979	1978	1977
Revenues	$5,982	$5,815	$5,124	$4,846	$4,382
Net earnings	224	201	183	156	138

"Our energy market goes beyond the requirements of U.S. electric utilities. Responding to changing world energy needs, GE is tapping new markets, and has reorganized its energy-services business. A key 1981 change brings together our extensive worldwide construction, installation and repair service capabilities.

"This widening energy focus," Executive Vice President Herman R. Hill continues, "provides new opportunities for the broad range of GE products and services for generating, transmitting and distributing electricity. By uniting our services businesses, we are able to package service offerings for better results. This services focus, along with the importance of foreign and export markets, is targeted to strengthen GE profitability despite the continuing low rate of U.S. electrical load growth."

Good earnings improvements were achieved in 1981 on modest revenue growth, which reflected lower shipment volume for a number of products. Better productivity was a major factor in offsetting cost inflation and weak markets.

Sales and earnings of steam turbine-generators and related equipment were well above those of 1980. Better results from steam turbine operations were partly offset by lower sales and a sharp drop in gas turbine profitability as worldwide utility and industrial deliveries of gas turbines slowed. The 1981 year-end orders backlog of $2.7 billion for steam turbine-generators was the same as the previous year. About $1.2 billion of the 1981 backlog ($1.3 billion in 1980) was scheduled for shipment five years or more in the future.

Construction and engineering services' sales were up in 1981 on good performances by international construction and installation and service engineering operations. Earnings were about the same as the previous year, principally due to business development costs associated with increasing emphasis on environmental services.

Power delivery and transformer businesses' sales and earnings were up slightly for the year. However, markets for these products continue to be soft because of slow U.S. electrical load growth and worldwide industry overcapacity. Continued emphasis on improving cost effectiveness and productivity is essential in these businesses.

The nuclear power business was modestly profitable in 1981, reflecting a healthy fuel and services business and rigorous attention to cost control. The total GE backlog of orders for all types of nuclear products and services was $3.6 billion at the end of 1981, compared with $5.5 billion at the end of 1980, principally because of deletions of projects no longer expected to go into production. About 44% of the 1981 backlog (35% at the end of 1980) was scheduled for completion or delivery five years or more into the future. Some fuel orders in the GE backlog include reprocessing, plutonium fabrication and waste-disposal services. It is highly uncertain whether such services can be provided in view of current U.S. government policies. GE does not anticipate recovery of the domestic nuclear steam supply systems market in the foreseeable future. Fuel and services needs of U.S. and foreign utilities offer ongoing opportunities.

Industrial Products

Louis V. Tomasetti
Executive Vice President
and Sector Executive
Industrial Products Sector
Motors
Contractor equipment
Transportation systems
General Electric Supply Company

1981 Revenues

1981 Earnings

(In millions)	1981	1980	1979	1978	1977
Revenues	$4,871	$4,690	$4,375	$3,897	$3,744
Net earnings	242	225	171	151	141

“Current needs of industrial customers to revitalize their factories and modernize their rail transportation fleets afford major market opportunities for General Electric industrial products.”

The GE path to market leadership in this segment, summarizes Executive Vice President Louis V. Tomasetti, is through innovation. “We are currently supplying millions of customers with advanced electrical and electromechanical products and services to improve productivity, conserve energy, increase energy supplies, and provide efficient transportation.

“And we are broadening our role in serving U.S. and worldwide markets for these vital products.”

Total revenues and earnings improved despite the low level of U.S. residential and industrial construction.

Motors and related products range from small motors and controls used in home appliances to large ac and dc motors and generators used to power industry around the world. The revitalizing of U.S. industry and the demand for more energy-efficient products provide a growing opportunity for motors. GE research and development are being applied to motors used with advanced types of electronic motor controls and power-conditioning equipment. Sales and earnings for motors and related products were up somewhat from 1980.

Contractor equipment includes components and assemblies that protect and control electrical systems for buildings and industrial uses, wiring devices, wire and cable and programmable lighting controls. Changes are occurring at an increasing rate as electronics are introduced into these products and as the competition becomes global. Although markets for contractor equipment in 1981 were lower due to the downturn in residential and industrial construction, sales and earnings were about even with 1980.

Transportation systems products include diesel-electric and electric locomotives as well as drives and drive systems for off-highway vehicles, transit vehicles and oil-well drilling rigs. U.S. markets for locomotives and off-highway vehicles in the ’80s are expected to be favorably affected by increased use of coal for energy. Worldwide demand for oil-well drilling drives is also expected to be strong in the ’80s, though somewhat lower than the high demand in 1981. Transportation systems earnings in 1981 were ahead of 1980 on somewhat lower sales.

General Electric Supply Company (GESCO), a nationwide distribution component, provides electrical products to customers in the construction, industrial, utility and commercial markets. GESCO distribution services were improved significantly during 1981 with installation of a real-time order entry system that has the capability to search all of its inventory stocking locations for product availability to respond to customer needs.

Consumer Products

Paul W. Van Orden
Executive Vice President and
Sector Executive
Consumer Products Sector
  Major appliances
  Lighting products
  Housewares and audio products
  Air conditioners
  Television receivers
  Broadcasting and cablevision

1981 Revenues

1981 Earnings

(In millions)	1981	1980	1979	1978	1977
Revenues	$6,643	$6,342	$5,990	$5,467	$4,695
Net earnings	292	312	338	331	275

“To be a market leader in the 1980s, we intend to produce high-quality products that serve people's changing needs and make their lives better. Our commitment to quality continues to be illustrated in the successful ‘We bring good things to life’ advertising campaign.”

Executive Vice President Paul W. Van Orden also notes that “GE offers one of the world's broadest lines of consumer electrical products and related services. Among the economic forces that affect this industry segment are the level of U.S. housing construction and fluctuations in consumer disposable income and interest rates. By emphasizing consumer-relevant quality offerings and factory productivity improvements, GE is planning profitable growth.”

Higher 1981 revenues were achieved on essentially flat volume, despite the recession which severely affected all markets. Earnings were below the prior year, reflecting difficult economic conditions and a sustained level of investment in product and manufacturing technology.

Major appliance sales were slightly ahead of 1980 on lower unit shipments as industry volume declined for the third successive year, reflecting a 35-year low in residential construction. Lower unit volume and the continuing cost-price squeeze contributed to lower earnings. GE maintained its overall leadership position through introduction of innovative products such as the Model 2500 electronic dishwasher with advanced electronic features, including the capability of self-diagnostics. GE's extensive in-home product service network was supplemented in 1981 with introduction of the Quick Fix® System for consumers who prefer to service their GE appliances.

Lighting products had higher sales and earnings led by technically advanced and energy-efficient products, such as Watt-Miser® fluorescents and Lucalox® high intensity discharge lamps. New products include the Optimiser fluorescent lighting system, which uses 34% less energy than standard fluorescents. GE improved its position as a major supplier of quartz products to semiconductor manufacturers. Consumer advertising and promotion were expanded to strengthen preference for the GE brand.

Housewares and audio products gained in sales over 1980, but overall earnings were down due to planned expenditures in world product programs. Housewares experienced strong sales increases in the GE-pioneered plastic Light 'N Easy® irons. Introduction of innovative radio, tape and citizens' band products enabled audio products to achieve record sales and earnings.

Air conditioning products realized substantial earnings improvement on increased sales during 1981. Continuing strength of the domestic replacement market and strong export sales more than offset the depressed residential construction market. GE began shipments of highly efficient, electronically controlled two-speed Weathertron® heat pumps in 1981.

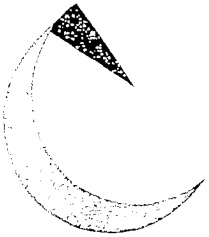
Sales of television and video products were higher in 1981, although earnings declined due to increased costs and expenditures for future growth.

Broadcasting and cablevision businesses again had record sales and earnings. Substantial increases in news coverage, local programming, and other community services were implemented in GE television stations.

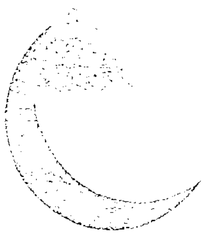
Natural Resources

Alexander M. Wilson
Chairman of the Board and
Chief Executive Officer
Utah International Inc
- Coking coal
- Steam coal
- Oil and natural gas
- Copper
- Other minerals

1981 Revenues



1981 Earnings



(In millions)	1981	1980	1979	1978	1977
Revenues	$1,722	$1,374	$1,260	$1,032	$965
Net earnings	284	224	208	180	196

“Raw materials are essential to world economic growth. With a careful eye to market opportunities, we are scouring the globe, conducting extensive exploration programs for coal, ferrous and nonferrous metals, precious metals and petroleum.”

Commenting on the fast-paced, entrepreneurial nature of such programs is Utah International Chairman Alexander M. Wilson. Utah is the primary General Electric producer and marketer of natural resources. “Once we decide to develop a coal deposit, ore body or oil reserve, we apply leading-edge technologies to ensure maximum recovery.”

Utah International is a leading supplier of natural resources worldwide.

Revenues and net earnings in 1981 were substantially more than in any previous year. About 77% of 1981 revenues and 52% of net earnings came from outside the U.S. At year-end 1981, the total mineral sales value of Utah's backlog was $7.2 billion, of which $6.0 billion was scheduled for shipment after 1982. All contracts making up this backlog are payable in U.S. dollars. For additional statistical information about coking coal, steam coal and copper, see page 51.

Coking coal mined in Queensland, Australia, continues to be Utah's largest source of revenues and earnings. Improved selling prices and higher production, partly because of the lessened impact of Australian work stoppages such as those that hurt 1980's performance, were major reasons for the good improvement in results. Coking coal is sold principally to Japanese and European steel producers.

Sales and earnings of steam coal also improved in 1981. Utah's largest steam coal operations are located in New Mexico. Utah also has major steam coal reserves at several other U.S. locations and, during the year, began the development of the first of several new mines in Kentucky and West Virginia.

Oil and natural gas operations, primarily in the U.S. and Canada, are conducted by Utah's subsidiary, Ladd Petroleum Corporation, which again had higher sales and earnings.

Cyclically depressed world copper prices resulted in substantially lower sales and earnings from the main copper resource, Island Copper Mine, in British Columbia, Canada. Longer range, further exploration work is under way to determine the potential of a joint-venture find of a copper deposit in Chile.

Other operations include uranium and iron ore mining, land development, and ocean shipping mainly supportive of Utah's marketing needs. Brazil-based iron ore operations of Samarco sustained a loss in 1981 after breaking even the year before. This project, in which Utah has 49% of the voting stock and guarantees debt, is experiencing weak markets and increasing costs. The nonconsolidated uranium mining affiliate (80% of whose common stock is expected to be sold shortly — see note 11 to financial statements) achieved good earnings in 1981 following two years of losses. Higher selling prices, following completion of deliveries under earlier relatively low-price contracts, produced the improvement.

Total International Operations

Robert R. Frederick
Executive Vice President and
Sector Executive
International Sector

Total international operations — all segments (a) (In millions)	1981	1980	1979	1978	1977
Revenues outside the U.S.	$10,190	$9,597	$7,840	$7,014	$6,138
Net earnings	574	639	526	486	415

(a) See page 50 for geographic segment information

"The International Sector manages foreign multiproduct-line affiliates, provides marketing and financial services for GE exports by U.S. businesses, maintains a GE presence in worldwide locations, and provides an integrating role for the many domestic GE components which directly manage their offshore operations," Executive Vice President Robert R. Frederick observes.

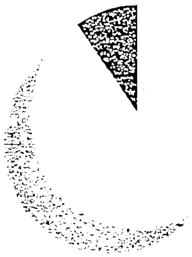
For GE in total, about 37% of 1981 revenues and 35% of net earnings originated from international sources.

Total international revenues (In millions)	1981	1980	1979
Foreign operations and licensing	$ 6,509	$5,816	$5,068
U.S. exports to external customers	3,681	3,781	2,772
Revenues outside the U.S.	$10,190	$9,597	$7,840

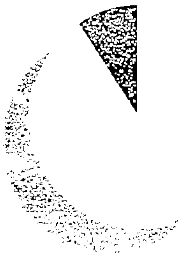
Foreign operations include, for example, much of Utah International Inc.; engineered materials businesses' offshore facilities serving foreign markets; and multiproduct-line affiliates in such countries as Canada, Mexico and Brazil. Losses continued in Spain, largely attributable to over-capacity in that country's electrical manufacturing industry. Negotiations are being conducted with the Spanish government and labor unions to mitigate the continuing problem.

Unfilled U.S. export orders were $4.8 billion at December 31, 1981. Total GE exports, led by aircraft engines, exceeded direct imports by $3.3 billion, again making a positive contribution to the U.S. trade balance.

Aircraft Engine



1981 Revenues



1981 Earnings

(In millions)	1981	1980	1979	1978	1977
Revenues	$2,950	$2,660	$2,190	$1,591	$1,317
Net earnings	149	141	97	82	78

"General Electric jet engines are in worldwide use in commercial, executive and military aircraft and naval ships, and as sources for industrial power. Export markets are important, product development cycles are long, and product quality and efficiency are critical," Senior Vice President Brian H. Rowe states.

"While competition in the soft commercial market is intense, GE continues to build its reputation for highly reliable and efficient engines that have now been selected to power widebody airplanes for over 70 airlines."

Revenues and earnings were up in 1981 on higher physical volume of military aircraft engines as commercial shipments fell below the record 1980 level. Cost reduction actions were taken in 1981 to offset the slowdown in deliveries of long-range commercial aircraft.

The GE military engine business had a very successful year with the increased shipment of production engines for the U.S. Navy F-18 jet fighter and U.S. Army Black Hawk helicopter. Both of these programs are expected to have a long production life. GE engines were also selected for both new USAF bomber programs, as well as for aircraft serving the defense needs of other free-world nations. Sales of replacement parts and services are an important part of the jet engine business. Re-engining of existing aircraft with more modern, energy-efficient power plants is of increasing importance.

Management

Corporate Executive Officers

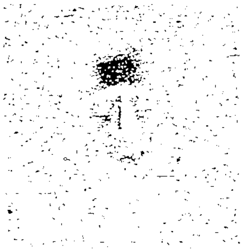
John F. Welch, Jr.
Chairman of the Board and
Chief Executive Officer

John F. Burlingame
Vice Chairman of the Board and
Executive Officer

Edward E. Hood, Jr.
Vice Chairman of the Board and
Executive Officer

Standley H. Hoch
Corporate Executive Office
Vice President

Jacques A. Robinson
Corporate Executive Office
Vice President


Frank P Doyle

Daniel J Fink

Robert B Kurtz

Theodore P LeVino

Leonard C Maier, Jr

Walter A Schlotterbeck

Thomas O Thorsen

Senior Corporate Officers

Frank P. Doyle
Senior Vice President
Corporate Relations

Daniel J. Fink
Senior Vice President
Corporate Planning
and Development

Robert B. Kurtz
Senior Vice President
Corporate Productivity and
Quality

Theodore P. LeVino
Senior Vice President
Executive Manpower

Leonard C. Maier, Jr.
Senior Vice President
Corporate Production and
Operating Services

Walter A. Schlotterbeck
Senior Vice President
General Counsel and Secretary

Thomas O. Thorsen
Senior Vice President
Finance

Corporate Staff Officers

Thomas R. Casey, M.D.
VP & Company Medical Director

James J. Costello
VP & Comptroller

James R. Donnalley, Jr.
VP – Corporate Environmental
Issues Project

Dale F. Frey
VP & Treasurer

Fred W. Garry
VP – Corporate Engineering

Marion S. Kellogg
VP – Corporate Consulting Services

Raymond F. Letts
VP – Corporate Operating Services

Edward H. Malone
VP – Trust Investments

Terence E. McClary
VP – Corporate Financial
Administration

John B. McKitterick
VP – Corporate Development

Phillips S. Peter
VP – Corporate Government Relations

Arthur V. Puccini
VP – Corporate Employee Relations

Roland W. Schmitt
VP – Corporate Research and
Development

Leonard Vickers
VP – Corporate Marketing
Programs and Communications

R. Howard Annin, Jr.
VP – Northeastern Regional Relations

Kristian H. Christiansen
VP – Southeastern Regional Relations

William B. Frogue
VP – Southwestern Regional Relations

Harry M. Lawson
VP – Western Regional Relations

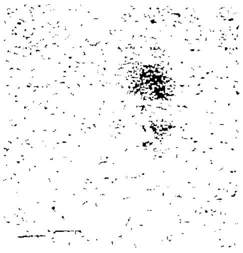
William C. Lester
VP – East Central Regional Relations

Iver J. Petersen
VP – Central Regional Relations

Cecil S. Semple
VP – Corporate Customer Relations

Technical Systems

James A. Baker
Executive Vice President and
Sector Executive
Technical Systems Sector



George B Farnsworth

Donald K Grierson

George B. Farnsworth
Senior VP & Group Executive
Aerospace Group

William A. Anders
VP & General Manager
Aircraft Equipment Division

Thomas I. Paganelli
VP & General Manager
Electronic Systems Division

Allan J. Rosenberg
VP & General Manager
Space Systems Division

Ladislaus W. Warzecha
VP & General Manager
Re-entry Systems Division

Donald K. Grierson
Senior VP & Group Executive
Industrial Electronics Group

Robert Benders
President
Calma Company

Orion L. Hoch
President & Chief Executive Officer
Intersil, Inc

Erwin M. Koeritz
VP & General Manager
Industrial Electronics Systems
Division

Donald S. Beilman
VP & General Manager
Advanced Microelectronics Operations

James E. Dykes
VP & General Manager
General Electric Microelectronics
Center

Walter L. Robb
VP & General Manager
Medical Systems Operations

Francis J. Schilling
General Manager
Medical Systems Product
Management Division

Robert L. Stocking
General Manager
Medical Systems Sales and Service
Division

Donald J. Meyers
VP & General Manager
Mobile Communications Division

Donald E. Perry
VP & General Manager
Industrial Sales Division

Services & Materials

Lawrence A. Bossidy
Executive Vice President and
Sector Executive
Services and Materials Sector

Charles R Carson

John W Stanger

Charles R. Carson
Senior VP & Group Executive
Engineered Materials Group

Alastair C. Gowan
VP – Engineered Materials
Technical Operation

Glen H. Hiner
VP & General Manager
Plastics Operations

Eugene F. Apple
VP & General Manager
Specialty Plastics Division

D. Rex Blanchard
Chairman of the Board &
Chief Executive Officer
General Electric Plastics B V

Philip M. Gross
General Manager
Noryl Products Division

John D. Opie
VP & General Manager
Lexan Products Division

Thomas H. Fitzgerald
VP & General Manager
Silicone Products Division

Robert J. Gerardi
VP & General Manager
Metallurgical Division

John W. Stanger
President & Chief Executive Officer
General Electric Credit Corporation
(GECC)

Norman P. Blake
Executive VP
GECC Financing Operations

Bernard P. Long
VP & General Manager – GECC
Consumer Financing Division

Gary C. Wendt
VP & General Manager – GECC
Commercial and Industrial
Financing Division

Gregory J. Liemandt
VP & General Manager
Information Services
Division/GEISCO

International

Robert R. Frederick
Executive Vice President and
Sector Executive
International Sector

Willis E. Forsyth
VP & General Manager
Latin American Operations

Rodger E. Farrell
VP & General Manager
Andean Countries Division

John A. Hinds
VP & General Manager
Latin American Business
Development Division

J. Richard Stonesifer
Chairman of the Board &
Chief Executive Officer
General Electric do Brasil S A

Paolo Fresco
VP & General Manager
Europe and Africa Operations

Edward C. Bavaria
VP & General Manager
Middle East/Africa
Business Development Division

George J. Stathakis
VP & General Manager
International Trading Operations

Frank D. Kittredge
VP & General Manager
Far East Area Division

Alton S. Cartwright
Chairman of the Board &
Chief Executive Officer
Canadian General Electric Company
Limited (CGE)

William R. C. Blundell
President & Chief Executive Officer,
Camco Inc
(a CGE affiliate)

Robert T. E. Gillespie
Vice President
Consumer and Construction
Products Division, CGE

D. Forrest Rankine
Vice President
Apparatus and Heavy Machinery
Division, CGE

Power Systems

Herman R. Hill
Executive Vice President and
Sector Executive
Power Systems Sector

George B Cox

John A Urquhart

George B. Cox
Senior VP & Group Executive
Turbine Group

Richard W. Kinnard
VP & General Manager
Large Steam Turbine-Generator
Division

George W. Sarney
General Manager
Gas Turbine Division

George H. Schofield
VP & General Manager
Industrial and Marine Steam Turbine
Division

John A. Urquhart
Senior VP & Group Executive
Construction and Engineering Services
Group

Robert T. Bruce
VP & General Manager
Installation and Service
Engineering Division

Vittorio Orsi
Managing Director
SADE SADELMI Construction
Operations

Edward F. Roache
VP – Planning Integration
Operation

Bruce O. Roberts
VP & General Manager
Apparatus Service Division

Warren H. Bruggeman
VP & General Manager
Nuclear Energy Operations

A. Philip Bray
VP & General Manager
Nuclear Power Systems Division

Henry E. Stone
VP & General Manager
Nuclear Engineering Division

Bertram Wolfe
VP & General Manager
Nuclear Fuel and Services Division

Donald C. Berkey
VP & General Manager
Energy Systems and Technology
Division

Nicholas Boraski
VP & General Manager
Large Transformer Division

Eugene J. Kovarik
VP & General Manager
Power Delivery Division

Edward W. Springer
VP & General Manager
Electric Utility Sales Division

Industrial Products

Louis V. Tomasetti
Executive Vice President
and Sector Executive
Industrial Products Sector

James P Curley

Van W Williams

James P. Curley
Senior VP & Group Executive
Contractor Equipment Group

William Longstreet
VP & General Manager
Distribution Equipment Division

James M. McDonald
VP & General Manager
Apparatus Distribution Sales
Division

Van W. Williams
Senior VP & Group Executive
Motor Group

William R. Fenoglio
VP & General Manager
Component Motor Division

Carl J. Schlemmer
VP & General Manager
Transportation Systems Operations

John C. Dwyer
General Manager
Locomotive Marketing Division

Marion S. Richardson
General Manager
Locomotive Products Division

David M. Engelman
VP & General Manager
General Electric Supply Company
Division

Ralph B. Glotzbach
VP – Customer and Industry
Relations Operation

Consumer Products

Paul W. Van Orden
Executive Vice President and
Sector Executive
Consumer Products Sector

Ralph D Ketchum

Roger W Schipke

Ralph D. Ketchum
Senior VP & Group Executive
Lighting Group

Paul L. Dawson
VP & General Manager
Lamp Components Division

David O. Gifford
VP & General Manager
International Lighting Division

Henry J. Singer
VP & General Manager
Lamp Products Division

James R. Birle
VP & General Manager
Air Conditioning Division

William R. Webber
VP & General Manager
Television Division

Walter W. Williams
VP & General Manager
Housewares and Audio Division

Roger W. Schipke
Senior VP & Group Executive
Major Appliance Group

Richard T. Gralton
VP & General Manager
Major Appliance Product
Management and Marketing
Operations

Philip J. Drieci
VP & General Manager – Major
Appliance Retail Sales Division

William L. Grim
VP & General Manager
Major Appliance Contract Sales
Division

John C. Truscott
VP & General Manager
Major Appliance Technology
Division

James F. West
VP — Major Appliance Group
Strategic Planning Operation

Utah International

Alexander M. Wilson
Chairman of the Board and
Chief Executive Officer
Utah International Inc

James T. Curry
Financial VP

Ralph J. Long
Senior VP & Manager
Mineral Exploration and Development
Division

Charles K. McArthur
Senior VP & Manager
Mining Division

John H. Moore
President – Ladd Petroleum
Corporation (a subsidiary of Utah)

Keith G. Wallace
Senior VP & Manager
Australasia Division

Aircraft Engine

Brian H Rowe

Brian H. Rowe
Senior VP & Group Executive
Aircraft Engine Group

James N. Krebs
VP & General Manager
Military Engine Operations

Orville R. Bonner
VP & General Manager
Marine and Industrial Engine
Projects Division

William J. Crawford III
VP & General Manager
Military Engine Projects Division

W. George Krall
VP & General Manager
Aircraft Engine Manufacturing
Division

Frank E. Pickering
VP & General Manager
Aircraft Engine Engineering
Division

Harry C. Stonecipher
VP & General Manager
Commercial Engine Operations

Neil Burgess
VP & General Manager
Airline Programs Division

Robert J. Smuland
VP & General Manager
Commercial Engine Projects
Division

Financial section

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Financial review

This review supplements the detailed information in the audited financial statements which begin on page 39. The summary of worldwide results by industry on pages 22 through 28 presents additional information about operating results, and the 10-year summary of historical information on pages 52 and 53 provides a longer-term perspective.

Consolidated operating results

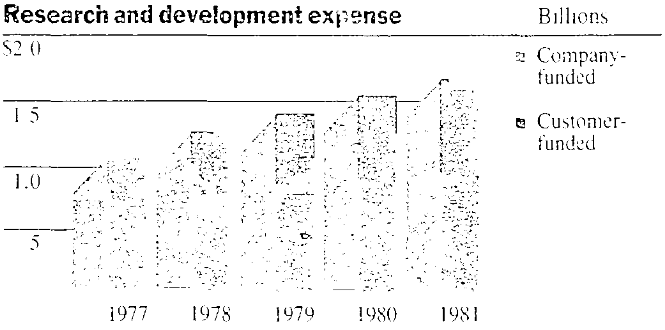
Sales and net earnings in 1981 were both up 9% from 1980. In 1980, sales and net earnings had been 11% and 7% more, respectively, than in 1979.

Overall, it is estimated that higher physical volume of shipments accounted for about one-fourth of the sales increase from 1979 to 1980 and from 1980 to 1981. The effect of volume and prices on sales increases differed markedly in both years by categories of products.

General Electric also derives revenues from a variety of operating and nonoperating sources in addition to amounts realized from sales of products and services. Operating sources of other income in recent years have included continuing increases in earnings from the nonconsolidated finance affiliate, General Electric Credit Corporation, as well as earnings from associated companies and royalty and technical agreements. Nonoperating income includes dividends, interest and miscellaneous items from a number of sources.

Operating margin dollars were 9% higher in 1981 than 1980. In 1980, operating margin dollars had increased 5% from 1979. As a percent to sales, operating margin held steady at 9.0% in 1981, the same as 1980 which was down slightly from 9.5% in 1979, the most recent full year of relatively stable U.S. and world economic conditions. Throughout GE, major stress is being given to productivity improvement and cost control programs aimed at strengthening operating margins. At the same time, allocation of resources to programs targeted at future growth has been and will be continued. Among future-oriented expenditures, those for research and development are paramount. GE's rising R&D expenditures for the last five years, both from Company and customer funds, are depicted in the chart at upper right.

Research and development expense

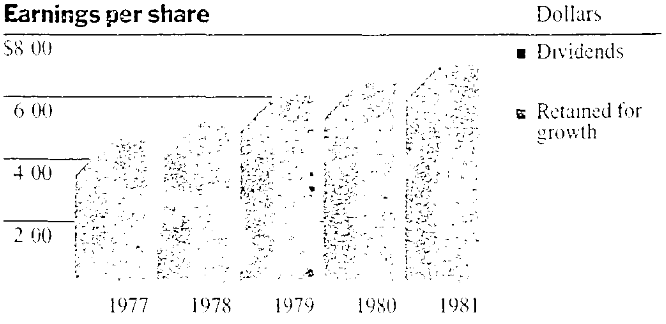


Interest expense and other financial charges of $401 million in 1981 were up 28% from 1980. This sharp rise reflected the extremely high interest rates experienced worldwide during the year as well as some increase in average levels of foreign and domestic borrowings. Interest expense in 1980 had been 22% above the previous year, principally due to rate increases and somewhat higher foreign borrowings.

Provision for income taxes was $962 million in 1981, compared with $958 million in 1980 and $953 million in 1979. Note 5 to the financial statements provides details about consolidated income tax provisions and GE's effective tax rate.

Earnings per share of $7.26 in 1981 were up 9% from 1980. Increases in earnings and dividends per share over the last five years are portrayed in the chart. Dividends declared were $3.15 for 1981, the sixth consecutive year in which the rate was increased. It is GE policy to maintain a reasonable dividend rate while at the same time enhancing productive capacity and allocating resources to fast-earnings growth opportunities.

Earnings per share



Property, plant and equipment

Funds invested in property, plant and equipment totaled $2.0 billion in 1981. Approximately 80% of these expenditures were on projects in the United States. The aggregate of new plant expenditures for the last five years was $7.1 billion. Identifying real growth opportunities, providing for technological improvements in productive processes, maintaining the adequacy of existing resources — and selectively allocating available funds among these objectives — all form a most important part of the GE strategic planning system. A summary of expenditures for the past five years by broad project objective follows.

Objectives of plant expenditures — 1977-1981

Capacity expansion and business development	40%
Renewal and replacement	22%
Productivity and efficiency	20%
Other (including R&D, general facilities, safety and environment)	18%

Estimated future expenditures to complete projects already approved aggregated $1.0 billion at year-end 1981.

Financial condition

Cash and marketable securities at year-end 1981 totaled $2.5 billion, an increase of $270 million from a year earlier. Short-term borrowings increased $78 million during 1981. The net of these changes represented an increase of $192 million in GE net liquid assets during the year.

GE's most important source of funds in 1981 continued to be positive inflows from operations — mainly net earnings plus depreciation, depletion and amortization — which aggregated $2.6 billion in 1981, up $293 million from 1980.

Principal uses of 1981 funds included outlays for purposes similar to those of recent years: that is, expenditures for property, plant and equipment ($2,025 million) and dividends for share owners ($715 million). Also, in 1981 the Company acquired a number of existing businesses to augment strategic plans for the future. The aggregate amount of funds used for acquisitions in 1981 was $409 million, a portion of which was reflected in plant and equipment expenditures. Total working capital decreased $221 million ($413 million excluding net liquid assets). Among the elements of working capital, customer receivables increased $162 million (4%), and net inventories increased $118 million (4%) from the end of 1980. The overall condition of receivables remains good, and inventories are at levels consistent with the needs of the businesses.

The result of asset management over a longer term is summarized in the following table which shows principal sources and uses of funds for the last five years.

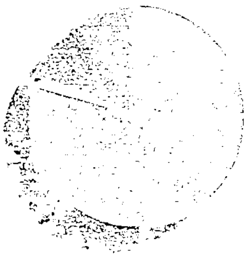
Sources and uses of funds (Billions)	Five years ended December 31, 1981
Principal sources of funds	
Internal–from operations	$10.5
External–other equity changes	—
–long-term debt (net)	(0.3)
	$10.2
Principal uses of funds	
Property, plant and equipment	$ 7.1
Dividends	3.1
Working capital (except net liquid assets)	(0.3)
	$ 9.9
Change in net liquid assets	$ 0.3

From this summary, it can be seen that over the past five years GE has met its cash needs from internal sources. Long-term debt has been reduced, and there have been no significant changes in common stock. Property, plant and equipment expenditures and dividends used 97% of the funds generated from operations over this period of time. Because 60% of these expenditures have been for capacity expansion, business development, productivity and efficiency improvement, they are expected to contribute to increasing profits and cash flows in future years. Even though sales have increased at an average annual rate of 12% since 1976, working capital, excluding net liquid assets, decreased $0.3 billion. The resulting improvement in working capital turnover is due principally to extensive use of the LIFO method of valuing inventories, progress collections on long-term contracts, and to good receivable and inventory control.

The soundness of GE's capital structure continues to be important to achieving sustained earnings growth and a good return on investment. Total capitalization of the Company at the end of 1981 is depicted in the chart below.

Percent of total capital ($11.5 billion) — December 31, 1981

Debt-short term	10.2%
-long term	9.2%
Minority interest of others	1.4%
Share owners' equity	79.2%



With a low ratio of debt to total capital, adequate credit lines, and the highest ratings from debt-rating agencies, GE's financial condition is strong and flexible enough to assure the availability of additional funds from external sources to meet any foreseeable need.

Orders on hand for future sales

New orders received in 1981 aggregated $30 billion. This was a 17% increase from 1980 and exceeded any previous year. The backlog of orders on hand at year-end 1981 for all types of products and services was $28.2 billion, compared with $27.4 billion at the end of 1980. As noted in other sections of this Report, some of the orders in the backlog anticipate periods of several years between receipt of an order and completion of the work. Long-production-cycle contracts typically provide for some type of escalation to reflect inflationary cost increases, and in certain instances involve some form of collections from customers as work is in progress. Of course, orders in the backlog are subject to deferral or cancellation by customers, though subject in certain cases to cancellation penalties.

Inflation — the challenge persists

In 1981, the Financial Accounting Standards Board (FASB) was able to compile — for the first time — a detailed look at the effect of inflation on financial results of major U.S. industrial companies. From the details of the 1980 annual reports of 846 major U.S. firms, a composite profile was developed. Among the findings for 1980 were:

- After-tax profits in total, when adjusted solely for the loss of purchasing power of the dollar, were only 47% of reported after-tax profits.
- After-tax profits on a current-cost basis were only 34% of reported after-tax profits.
- Effective corporate income tax rates on a real basis were substantially higher than reported and statutory rates.
- On a current-cost basis, dividends exceeded profits — some industries, in effect, are liquidating themselves.
- The average real rate of return on investment (current-cost basis) was less than 5.0% for nine of 13 industry groupings, and did not exceed 7.5% for any of the groupings.

These findings confirm and underscore the concerns which GE management has been expressing for a number of years about the impact of inflation. Despite some apparent moderating of the rate of U.S. inflation in 1981, it was still very high by historical standards. Also, despite government efforts in 1981 to recognize the need for monetary and fiscal restraint as essential to cure inflation, there is every reason to believe that any final "cure" will take years of persistent and enlightened policies. The challenge for successful performance by business managers is to search out and participate in *real* growth opportunities.

Financial statements and related information elsewhere in this Report are presented using the traditional bases of financial reporting. Although General Electric's extensive use of last-in, first-out (LIFO) inventory accounting in the traditional statements results in largely reflecting current inventory costs in operations as reported, those statements still do not fully recognize the effects of inflation.

The table at the upper right presents supplemental information which may be helpful in gauging the effects of changing prices on GE results for 1981. This table shows two different ways of attempting to remove inflationary impacts from financial results as traditionally reported. In both "adjusted for" columns, restatements are made to (1) cost of goods sold for the current cost of replacing inventories, and (2) depreciation for the current cost of plant and equipment. The column headed "general inflation" uses only the Consumer Price Index to calculate the restatement, while the column headed "current costs" uses data more specifically representative of costs incurred by General Electric.

Supplementary information Effect of changing prices (In millions, except per-share amounts)	For the year ended December 31, 1981 As reported	Adjusted for (a) general inflation	 current costs
Sales of products and services to customers	$27,240	$27,240	$27,240
Cost of goods sold	18,945	19,065	19,034
Selling, general and administrative expense	4,966	4,966	4,966
Depreciation, depletion and amortization	882	1,297	1,294
Operating costs	24,793	25,328	25,294
Operating margin	2,447	1,912	1,946
Other income	614	614	614
Interest and other financial charges	(401)	(401)	(401)
Earnings before income taxes	2,660	2,125	2,159
Provision for income taxes	(962)	(962)	(962)
Minority interest	(46)	(33)	(33)
Net earnings	$ 1,652	$ 1,130	$ 1,164
Earnings per share	$ 7 26	$ 4 97	$ 5 12
Share owners' equity at December 31	$ 9,128	$14,076	$14,090

(a) In dollars of average 1981 purchasing power

Restatements to cost of goods sold are relatively small for GE because of extensive use of LIFO inventory accounting, as noted previously. However, restatements of depreciation, which allocates plant and equipment costs to operations over time, are relatively large because of the high rate of inflation, particularly in the last four years. This is because traditional reporting of depreciation based on original cost does not reflect higher prices for replacement of productive capacity of fixed assets which were purchased a number of years ago. Both of these methods of adjusting for inflation result in lower earnings than traditionally reported.

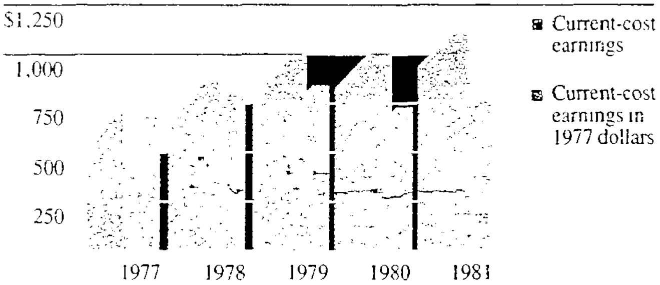
From the preceding table, the following relationships can be derived:

	For the year ended December 31, 1981 As reported	Adjusted for general inflation	 current costs
Earnings as a percent of "as reported"	100 0%	68 4%	70.5%
Effective tax rate	36 2	45 3	44.6
Return on year-end share owners' equity	18 1	8 0	8 3
Dividends as a percent of earnings	43 3	63 3	61.4

GE management believes the "current-cost" method is more representative of GE's results, but emphasizes that considerable subjectivity is involved in the calculations. Trends in these adjusted data over time are at least as important in understanding inflationary impacts as are the data for a single year. Using the current-cost method, earnings for the years 1977 through 1981 are depicted below.

After-tax earnings of General Electric adjusted for current costs

In millions



The data above are merely illustrative of the effect of inflation on GE's results. Much more important are the management actions taken in recognition of the challenges created by inflation. Foremost among these actions is highly selective asset management, such as:

- Investment in modern plant and equipment to increase productivity, which can directly improve operating results by minimizing cost inflation.
- Selective development of services businesses which offer opportunities for boosting productivity and which have high value-added potential for contributing to earnings improvement.
- Investment in assets which have inflation-protection characteristics, such as the residual values inherent in many of GE Credit Corporation's leasing activities and the value of Utah International's mineral reserves.

For supplementary historical information and technical detail about the effects of changing prices, see page 51.

Report of management

To Share Owners of General Electric Company

The financial statements of General Electric Company and consolidated affiliates are presented on pages 39 through 50 of this Annual Report. These statements have been prepared by management and are in conformity with generally accepted accounting principles appropriate in the circumstances. The statements include amounts that are based on our best estimates and judgments. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

General Electric maintains a strong system of internal financial controls and procedures, supported by a staff of corporate auditors and supplemented by resident auditors located around the world. This system is designed to provide reasonable assurance, at appropriate cost, that assets are safeguarded and that transactions are executed in accordance with management's authorization, and are recorded and reported properly. The system is time-tested, innovative and responsive to change. Perhaps the most important safeguard in this system is the fact that the Company has long emphasized the selection, training and development of professional financial managers to implement and oversee the proper application of its internal controls and the reporting of management's stewardship of corporate assets and maintenance of accounts in conformity with generally accepted accounting principles.

The independent public accountants provide an objective, independent review as to management's discharge of its responsibilities insofar as they relate to the fairness of reported operating results and financial condition. They obtain and maintain an understanding of GE accounting and financial policies and controls, and conduct such tests and related procedures as they consider necessary to arrive at an opinion on the fairness of financial statements.

The Audit Committee of the Board of Directors, which is composed solely of Directors from outside the Company, maintains an ongoing appraisal of the effectiveness of audits and the independence of the public accountants. The Committee meets periodically with the public accountants, management and internal auditors to review the work of each. The public accountants have free access to the Committee, without management present, to discuss the results of their audit work and their opinions on the adequacy of internal financial controls and the quality of financial reporting. The Committee also reviews the Company's accounting policies, internal accounting controls, and the Annual Report and proxy material.

Management has long recognized its responsibility for conducting the Company's affairs in an ethical and socially responsible manner. The commitment to this responsibility is reflected in key written policy statements covering, among other subjects, potentially conflicting outside business interests of employees, compliance with antitrust laws, and proper conduct of domestic and international business practices. Ongoing educational, communication and review programs are designed to create a strong compliance environment and to make it clearly understood that deviation from Company policies will not be tolerated.

Senior Vice President
Finance

Chairman of the Board
and Chief Executive Officer

February 26, 1982

Report of independent certified public accountants

To Share Owners and Board of Directors of
General Electric Company

We have examined the statement of financial position of General Electric Company and consolidated affiliates as of December 31, 1981 and 1980, and the related statements of earnings, retained earnings and changes in financial position for each of the three years in the period ended December 31, 1981. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of General Electric Company and consolidated affiliates at December 31, 1981 and 1980, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1981, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co

Peat, Marwick, Mitchell & Co.
345 Park Avenue, New York, N Y 10154

February 26, 1982

Statement of earnings

General Electric Company and consolidated affiliates

For the years ended December 31 (In millions)		1981	1980	1979
Sales	Sales of products and services to customers	$27,240	$24,959	$22,461
Operating costs	Cost of goods sold	18,945	17,751	15,991
	Selling, general and administrative expense	4,966	4,258	3,716
	Depreciation, depletion and amortization	882	707	624
	Operating costs (notes 1 and 2)	24,793	22,716	20,331
	Operating margin	2,447	2,243	2,130
	Other income (note 3)	614	564	519
	Interest and other financial charges (note 4)	(401)	(314)	(258)
Earnings	Earnings before income taxes and minority interest	2,660	2,493	2,391
	Provision for income taxes (note 5)	(962)	(958)	(953)
	Minority interest in earnings of consolidated affiliates	(46)	(21)	(29)
	Net earnings applicable to common stock	$ 1,652	$ 1,514	$ 1,409
	Earnings per common share (in dollars) (note 6)	$7.26	$6.65	$6.20
	Dividends declared per common share (in dollars)	$3.15	$2.95	$2.75
	Operating margin as a percentage of sales	9.0%	9.0%	9.5%
	Net earnings as a percentage of sales	6.1%	6.1%	6.3%

Statement of retained earnings

General Electric Company and consolidated affiliates

For the years ended December 31 (In millions)		1981	1980	1979
Retained earnings	Balance January 1	$7,151	$6,307	$5,522
	Net earnings	1,652	1,514	1,409
	Dividends declared on common stock	(715)	(670)	(624)
	Balance December 31	$8,088	$7,151	$6,307

The information on pages 38 and 42-50 is an integral part of these statements

Statement of financial position

General Electric Company and consolidated affiliates

At December 31 (In millions)		1981	1980
Assets	Cash (note 7)	$ 2,219	$ 1,601
	Marketable securities (note 7)	252	600
	Current receivables (note 8)	4,872	4,339
	Inventories (note 9)	3,461	3,343
	Current assets	10,804	9,883
	Property, plant and equipment – net (note 10)	6,844	5,780
	Investments (note 11)	1,907	1,820
	Other assets (note 12)	1,387	1,028
	Total assets	$20,942	$18,511
Liabilities and equity	Short-term borrowings (note 13)	$ 1,171	$ 1,093
	Accounts payable (note 14)	2,012	1,671
	Progress collections and price adjustments accrued	2,519	2,084
	Dividends payable	182	170
	Taxes accrued	753	628
	Other costs and expenses accrued (note 15)	2,097	1,946
	Current liabilities	8,734	7,592
	Long-term borrowings (note 16)	1,059	1,000
	Other liabilities	1,855	1,565
	Total liabilities	11,648	10,157
	Minority interest in equity of consolidated affiliates	166	154
	Preferred stock ($1 par value; 2,000,000 shares authorized; none issued)	—	—
	Common stock ($2.50 par value; 251,500,000 shares authorized; 231,463,949 shares issued 1981 and 1980)	579	579
	Amounts received for stock in excess of par value	657	659
	Retained earnings	8,088	7,151
		9,324	8,389
	Deduct common stock held in treasury	(196)	(189)
	Total share owners' equity (notes 17 and 18)	9,128	8,200
	Total liabilities and equity	$20,942	$18,511
	Commitments and contingent liabilities (note 19)		

The information on pages 38 and 42-50 is an integral part of this statement

Statement of changes in financial position

General Electric Company and consolidated affiliates

For the years ended December 31 (In millions)		1981	1980	1979
Source of funds	From operations			
	Net earnings	$1,652	$1,514	$1,409
	Depreciation, depletion and amortization	882	707	624
	Investment tax credit deferred — net	46	56	45
	Income tax timing differences	33	63	(37)
	Earnings retained by nonconsolidated finance affiliates	(27)	(22)	(17)
	Minority interest in earnings of consolidated affiliates	46	21	29
		2,632	2,339	2,053
	Increase in long-term borrowings	160	122	50
	Disposition of treasury shares	169	136	148
	Increase in current liabilities other than short-term borrowings	1,064	498	786
	Other — net	(78)	143	101
	Total source of funds	3,947	3,238	3,138
Application of funds	Additions to property, plant and equipment	2,025	1,948	1,262
	Dividends declared on common stock	715	670	624
	Increase in investments	87	129	281
	Reduction in long-term borrowings	101	69	97
	Purchase of treasury shares	176	145	156
	Increase in current receivables	533	692	358
	Increase in inventories	118	182	158
	Total application of funds (note 12)	3,755	3,835	2,936
Net change	Net change in cash, marketable securities and short-term borrowings	$ 192	$ (597)	$ 202
Analysis of net change	Increase (decrease) in cash and marketable securities	$ 270	$ (375)	$ 113
	Decrease (increase) in short-term borrowings	(78)	(222)	89
	Increase (decrease) in net liquid assets	$ 192	$ (597)	$ 202

The information on pages 38 and 42-50 is an integral part of this statement

Summary of significant accounting policies

Basis of consolidation

The financial statements consolidate the accounts of the parent General Electric Company and those of all majority-owned and controlled companies ("affiliated companies"), except *finance companies whose operations are not similar to those of* the consolidated group. All significant transactions among the parent and affiliated companies are eliminated from the consolidated statements.

The nonconsolidated finance companies are included in the statement of financial position under investments and are valued at equity plus advances. In addition, companies in which GE and/or its consolidated affiliates own 20% to 50% of the voting stock ("associated companies") are included under investments, valued at the appropriate share of equity plus advances. After-tax earnings of nonconsolidated finance companies and associated companies are included in the statement of earnings under other income.

A nonconsolidated uranium mining company (see note 11) is also included under investments and is valued at lower of cost or equity, plus advances.

Sales

A sale is recorded only when title to products passes to the customer or when services are performed in accordance with contract terms.

Foreign currency translation

Foreign currencies are translated in accordance with Statement of Financial Accounting Standards No. 8. The Financial Accounting Standards Board has issued a new standard for foreign currency translation (SFAS No. 52) which, when implemented in the future by GE, is not expected to have a material effect on the Company's financial statements.

Pensions

Assets and liabilities of the General Electric Pension Trust, which funds the obligations of the General Electric Pension Plan, are not consolidated with those of the Company. Investments of the Trust are carried at amortized cost plus programmed appreciation in the common stock portfolio. Beginning in 1981, the funding program and Company cost determination for the Pension Plan use 7½% as the estimated rate of future Trust income. Trust income includes recognition of appreciation in the common stock portfolio on a systematic basis which does not give undue weight to short-term market fluctuations. Programmed appreciation will not be recognized if average carrying value exceeds average market value, calculated on a moving basis over a multiyear period. Changes in prior service liabilities of the Plan are amortized over 20 years. Actuarial gains and losses are amortized over 15 years.

Costs of the General Electric Supplementary Pension Plan, a separate plan primarily affecting long-service professional and managerial employees, are not funded. Current service costs and amortization of prior service liabilities over a period of 20 years are being charged to operating expenses currently.

Investment tax credit

The investment tax credit is deferred and amortized as a reduction of the provision for taxes over the lives of the facilities to which the credit applies, rather than being "flowed through" to income in the year the asset is acquired.

Inventories

Substantially all manufacturing inventories located in the U.S., as well as a number of those outside the U.S., are valued on a last-in first-out, or LIFO, basis. The remaining manufacturing inventories outside the U.S. are generally valued on a first-in first-out, or FIFO, basis. Valuations are based on the cost of material, direct labor and manufacturing overhead, and do not exceed net realizable values. Certain indirect manufacturing expenses are charged directly to operating costs during the period incurred, rather than being capitalized as inventory.

Mining inventories, which include principally mined ore and coal, metal concentrates and mining supplies, are stated at the lower of average cost or market. Mining inventories include both direct and indirect costs consisting of labor, purchased supplies and services, and depreciation, depletion and amortization of property, plant and equipment.

Property, plant and equipment

Manufacturing plant and equipment includes the original cost of land, buildings and equipment less depreciation, which is the estimated cost consumed by wear and obsolescence. An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to record depreciation of the original cost of manufacturing plant and equipment in the U.S. Most manufacturing plant and equipment located outside the U.S. is depreciated on a straight-line basis. If manufacturing plant and equipment is subject to abnormal economic conditions or obsolescence, additional depreciation is provided. Expenditures for maintenance and repairs of manufacturing plant and equipment are charged to operating costs as incurred.

The cost of mining properties includes initial expenditures and cost of major rebuilding projects which substantially increase the useful lives of existing assets. The cost of mining properties is depreciated, depleted or amortized over the useful lives of the related assets by use of unit-of-production, straight-line or declining-balance methods.

Mining exploration costs are expensed until it is determined that development of a mineral deposit is likely to be economically feasible. After this determination, all costs related to further development are capitalized. Amortization begins upon commencement of production and is over the productive life of the property.

The full-cost accounting method is used for oil and gas properties.

1. Operating costs

(In millions)	1981	1980	1979
Employee compensation, including benefits	$10,208	$ 9,196	$ 8,286
Materials, supplies, services and other costs	13,475	12,696	11,320
Depreciation, depletion and amortization	882	707	624
Taxes, except Social Security and those on income	346	299	259
Increase in inventories during the year	(118)	(182)	(158)
Total operating costs	$24,793	$22,716	$20,331
Supplemental details			
Maintenance and repairs	$897	$784	$775
Company-funded research and development	814	760	640
Social Security taxes	567	484	471
Advertising	331	315	282
Mineral royalties and export duties	105	80	82

Foreign currency translation gains after taxes and minority interest share, calculated in accordance with Statement of Financial Accounting Standards No. 8, were $78 million in 1981, $40 million in 1980 and $12 million in 1979. This SFAS No. 8 calculation excludes the effect of exchange rate changes on inventory-related amounts. The inventory-related effects in cost of sales have generally offset the GE translation gains calculated in accordance with SFAS No. 8 and, therefore, exchange rate changes have had virtually no effect on GE's net earnings.

2. Pensions

Total pension costs of General Electric and consolidated affiliates were $549 million in 1981, $478 million in 1980, and $413 million in 1979.

General Electric and its affiliates have a number of pension plans. The most significant of these plans is the General Electric Pension Plan (the "Plan"), in which substantially all employees in the U.S. are participating. Pension benefits under the Plan are funded through the General Electric Pension Trust (the "Trust"). The other principal pension plan is the General Electric Supplementary Pension Plan. These two plans account for over 90% of GE's pension benefits. Approximately 86,000 persons were receiving benefits at year-end 1981.

For funding and annual cost determination purposes, changes were made in 1981 in mortality assumptions and, recognizing the impact of inflation, in projections of pension benefits and by increasing from 6% to 7½% the estimated rate of future Trust income. The net effect of these changes on 1981 pension costs was not material.

Earnings of the Trust, including programmed recognition of common stock appreciation as a percentage of the carrying value of the portfolio, were 10.1% in 1981 and 8.4% in 1980 and 1979.

Condensed current-value information for the Trust appears below. Current-value information is presented in accordance with Statement of Financial Accounting Standards No. 36 requirements, which differ from the carrying value used by the Company for funding and cost determination purposes.

General Electric Pension Trust

Change in net assets at current value

For the year (In millions)	1981	1980	1979
Net assets at January 1	$6,418	$4,968	$4,202
Company contributions	443	404	341
Employee contributions	103	86	94
Investment income	601	435	383
Pensions paid	(300)	(254)	(225)
Unrecognized portion of change in current value	(686)	779	173
Net assets at December 31	$6,579	$6,418	$4,968

Net assets at current value

December 31 (In millions)	1981	1980	1979
U S government obligations and guarantees	$ 432	$ 44	$ 118
Corporate bonds and notes	813	727	496
Real estate and mortgages	871	825	713
Common stocks and other equity securities	3,751	4,181	3,193
	5,867	5,777	4,520
Cash and short-term investments	644	553	371
Other assets — net	68	88	77
Current value of net assets	$6,579	$6,418	$4,968
Carrying value of net assets	$6,440	$5,593	$4,922

The actuarial present value of accumulated plan benefits for the General Electric Pension Plan and the Supplementary Pension Plan, calculated in accordance with Statement of Financial Accounting Standards No. 36, is shown below. The table also sets forth the total of the current value of Pension Trust assets and relevant accruals in the Company's accounts.

General Electric Pension Plan and Supplementary Pension Plan

December 31 (In millions)	1981	1980	1979
Estimated actuarial present value of accumulated plan benefits:			
Vested benefits	$6,032	$6,027	$5,426
Nonvested benefits	511	415	382
Total benefits	$6,543	$6,442	$5,808
Current value of trust assets plus accruals	$6,801	$6,580	$5,075

The present values were calculated using a 7½% interest rate assumption as of December 31, 1981, and 6% as of the end of 1980 and 1979. If the 1981 changes in the actuarial interest rate and mortality assumptions had not been made, the present value of total benefits at the end of 1981 in the preceding table would have been $855 million greater.

3. Other income

(In millions)	1981	1980	1979
Net earnings of GE Credit Corporation	$142	$115	$ 90
Income support payment (net) from GE	(13)	—	—
GE earnings from GECC	129	115	90
Income from:			
Marketable securities and bank deposits	230	229	229
Customer financing	80	72	70
Royalty and technical agreements	59	52	50
Associated companies and non-consolidated uranium mining affiliate	37	22	11
Other investments Interest	18	21	20
Dividends	9	13	11
Other sundry items	52	40	38
	$614	$564	$519

GECC's reported 1981 net earnings ($142 million) include an income support payment ($13 million after taxes) made by GE to maintain GECC's fixed charge coverage ratio at 1.15.

4. Interest and other financial charges

Interest capitalized on major property, plant and equipment projects was $23 million and $21 million in 1981 and 1980, respectively.

5. Provision for income taxes

(In millions)	1981	1980	1979
U.S. federal income taxes			
Estimated amount payable	$529	$574	$599
Effect of timing differences	31	14	(31)
Investment credit deferred — net	46	56	45
	606	644	613
Foreign income taxes:			
Estimated amount payable	317	238	323
Effect of timing differences	(15)	39	(6)
	302	277	317
Other (principally state and local income taxes)	54	37	23
	$962	$958	$953

All General Electric consolidated U.S. federal income tax returns have been closed through 1972.

GECC, a nonconsolidated finance affiliate, is included in General Electric's U.S. federal income tax return. Primarily because of tax credits and timing differences related to its leasing activities, GECC records provisions for taxes recoverable, which represent the effect of GECC's operations on the aggregate taxes payable. GECC's provisions, which offset corresponding amounts included in the estimated amounts payable by the consolidated companies shown in the preceding table, were $633 million for 1981, $244 million for 1980 and $164 million for 1979. For 1981, the net GE-GECC recoverable amount will be realized by carryback against previous years' taxes.

Provision has been made for federal income taxes to be paid on that portion of the undistributed earnings of affiliates and associated companies expected to be remitted to the parent company. Undistributed earnings intended to be reinvested indefinitely in affiliates and associated companies totaled $1,265 million at the end of 1981, $1,111 million at the end of 1980, and $944 million at the end of 1979.

Changes in estimated foreign income taxes payable and in the effect of timing differences result principally from fluctuations in foreign earnings and tax rates, and from recognizing in the current year for tax payment purposes the results of transactions in Australia recorded for financial reporting purposes in other years.

Investment credit amounted to $95 million in 1981, compared with $92 million in 1980 and $76 million in 1979. In 1981, $49 million were included in net earnings, compared with $36 million in 1980 and $31 million in 1979. At the end of 1981, the amount still deferred and to be included in net earnings in future years was $306 million.

Effect of timing differences on U.S. federal income taxes

Increase (decrease) in provision for income taxes (In millions)	1981	1980	1979
Tax over book depreciation	$ 67	$ 48	$ 23
Undistributed earnings of affiliates and associated companies	7	29	(2)
Margin on installment sales	8	1	(10)
Provision for warranties	23	(46)	(36)
Other — net	(74)	(18)	(6)
	$ 31	$ 14	$(31)

Reconciliation from statutory to effective income tax rates

	1981	1980	1979
U.S. federal statutory rate	46.0%	46.0%	46.0%
Reduction in taxes resulting from			
Varying tax rates of consolidated affiliates (including DISC)	(5.2)	(4.7)	(3.3)
Inclusion of earnings of the Credit Corporation in before-tax income on an after-tax basis	(2.2)	(2.1)	(1.7)
Investment credit	(1.8)	(1.5)	(1.3)
Income tax at capital gains rate	(0.2)	(0.1)	—
Other — net	(0.4)	0.8	0.2
Effective tax rate	36.2%	38.4%	39.9%

Based on the location of the component furnishing goods or services, domestic income before taxes was $2,014 million in 1981 ($1,854 million in 1980 and $1,706 million in 1979). The corresponding amounts for foreign-based operations were $646 million, $639 million and $685 million in each of the last three years, respectively. Provision for income taxes is determined on the basis of the jurisdiction imposing the tax liability Therefore, U.S. and foreign taxes shown at the left do not compare directly with these segregations.

6. Earnings per common share

Earnings per share are based on the average number of shares outstanding. Any dilution which would result from the potential exercise or conversion of such items as stock options or convertible debt outstanding is insignificant (less than 1% in 1981, 1980 and 1979)

7. Cash and marketable securities

Deposits restricted as to usage and withdrawal or used as partial compensation for short-term borrowing arrangements were not material.

Marketable securities (none of which are equity securities) are carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value at year-end 1981 and 1980.

8. Current receivables

December 31 (In millions)	1981	1980
Customers' accounts and notes	$3,989	$3,816
Associated companies	49	25
Nonconsolidated affiliates	21	17
Other	927	584
	4,986	4,442
Less allowance for losses	(114)	(103)
	$4,872	$4,339

The increase in other current receivables resulted primarily from tax refunds and carrybacks attributable to increased leasing activity as discussed in note 5

9. Inventories

December 31 (In millions)	1981	1980
Raw materials and work in process	$2,089	$2,082
Finished goods	1,099	961
Unbilled shipments	273	300
	$3,461	$3,343

About 82% of total inventories are valued using the LIFO method of inventory accounting.

If the FIFO method of inventory accounting had been used to value all inventories, they would have been $2,465 million higher than reported at December 31, 1981 ($2,240 million higher at year-end 1980).

10. Property, plant and equipment

(In millions)	1981	1980
Major classes at December 31		
Manufacturing plant and equipment		
Land and improvements	$ 164	$ 139
Buildings, structures and related equipment	2,581	2,329
Machinery and equipment	7,121	6,197
Leasehold costs and manufacturing plant under construction	576	453
Mineral property, plant and equipment	2,263	1,917
	$12,705	$11,035
Cost at January 1	$11,035	$ 9,365
Additions	2,025	1,948
Dispositions	(355)	(278)
Cost at December 31	$12,705	$11,035
Accumulated depreciation, depletion and amortization		
Balance at January 1	$ 5,255	$ 4,752
Current-year provision	882	707
Dispositions	(267)	(214)
Other changes	(9)	10
Balance at December 31	$ 5,861	$ 5,255
Property, plant and equipment less depreciation, depletion and amortization at December 31	$ 6,844	$ 5,780

11. Investments

December 31 (In millions)	1981	1980
Nonconsolidated finance affiliates	$1,082	$ 938
Nonconsolidated uranium mining affiliate	168	188
Miscellaneous investments (at cost)		
Government and government-guaranteed securities	186	187
Other	104	136
	290	323
Marketable equity securities	43	44
Associated companies	345	342
Less allowance for losses	(21)	(15)
	$1,907	$1,820

Condensed consolidated financial statements for the principal nonconsolidated finance affiliate, General Electric Credit Corporation (GECC), follow. During the normal course of business, GECC has transactions with the parent General Electric Company and certain of its consolidated affiliates, and GECC results are included in General Electric's consolidated U.S. federal income tax return. Virtually all products financed by GECC are manufactured by companies other than General Electric.

GECC's net earnings as shown in its earnings statement ($142 million) have been reduced by the after-tax effect ($13 million) of the income support payment to arrive at the $129 million presented in note 3

General Electric Credit Corporation
Current and retained earnings

For the year (In millions)	1981	1980	1979
Earned income	$1,782	$1,389	$1,102
Expenses			
Interest and discount	1,045	719	528
Operating and administrative	490	451	396
Provision for losses			
— receivables	101	75	69
— other assets	(3)	3	(2)
	1,633	1,248	991
Operating income	149	141	111
Income support payment from GE	25	—	—
Earnings before income taxes	174	141	111
Provision for income taxes	32	26	21
Net earnings	142	115	90
Less dividends	(102)	(93)	(72)
Retained earnings at January 1	261	239	221
Retained earnings at December 31	$ 301	$ 261	$ 239

General Electric Credit Corporation
Financial position

December 31 (In millions)	1981	1980
Cash and marketable securities	$ 463	$ 531
Receivables		
Time sales and loans	9,157	8,159
Deferred income	(1,642)	(1,380)
	7,515	6,779
Investment in financing leases	2,732	1,643
Sundry receivables	571	197
Total receivables	10,818	8,619
Allowance for losses	(294)	(249)
Receivables — net	10,524	8,370
Equipment on operating leases — net	433	288
Other assets	392	155
Total assets	$11,812	$9,344
Notes payable		
Due within one year	$ 5,800	$4,425
Long-term — senior	2,321	1,984
— subordinated	480	400
Other liabilities	903	707
Total liabilities	9,504	7,516
Deferred income taxes	1,202	876
Deferred investment tax credits	32	21
Capital stock	761	658
Additional paid-in capital	12	12
Retained earnings	301	261
Equity	1,074	931
Total liabilities, deferred tax items and equity	$11,812	$9,344

More information is available in GECC's 1981 Annual Report, which may be obtained by writing to: General Electric Credit Corporation, P.O. Box 8300, Stamford, Conn. 06904.

Investment in the nonconsolidated uranium mining affiliate consists of investment in a wholly owned affiliate, all common stock of which is in a voting trust controlled by independent voting trustees. In February 1982, the GE Board of Directors approved a transaction involving the sale of 80% of this affiliate's common stock at approximately book value. This transaction is not expected to have a material impact on GE's consolidated financial statements.

The estimated realizable value of miscellaneous investments was $240 million at December 31, 1981 ($287 million at December 31, 1980).

Marketable equity securities are valued at the lower of cost or market. Aggregate market value of marketable equity securities was $365 million and $242 million at year-end 1981 and 1980, respectively.

Investments in nonconsolidated affiliates and associated companies included advances of $72 million at December 31, 1981 ($180 million at December 31, 1980).

12. Other assets

December 31 (In millions)	1981	1980
Long-term receivables	$ 385	$ 340
Deferred charges	206	198
Licenses and other intangibles	189	49
Real estate development projects	148	132
Recoverable engineering costs on government contracts	145	113
Goodwill	141	26
Customer financing	118	103
Other	55	67
	$1,387	$1,028

During 1981, a number of companies were acquired to augment General Electric's plans for future growth. Consideration for these acquisitions included $381 million in cash and 486,000 shares of GE common stock from the treasury. In certain cases, there may be future cash consideration contingent upon attaining specified performance goals.

The acquisitions were accounted for as purchases. The difference between total acquisition costs of $409 million and the value of net tangible and identifiable intangible assets acquired was recorded as goodwill to be amortized over periods no greater than 20 years. Net assets and operating results of the acquired companies are not material to consolidated 1981 financial results.

13. Short-term borrowings

December 31 (In millions)	1981		1980	
	Amount	Average rate at Dec. 31	Amount	Average rate at Dec. 31
Parent notes with trust departments	$ 371	12.6%	$ 353	15.1%
Consolidated affiliate bank borrowings	449	28.5	539	30.8
Other, including current portion of long-term borrowings	351		201	
	$1,171		$1,093	

The average balance of short-term borrowings, excluding the current portion of long-term borrowings, was $991 million during 1981 (calculated by averaging all month-end balances for the year), compared with an average balance of $822 million in 1980. The maximum balance included in these calculations was $1,205 million and $962 million at the end of April 1981 and October 1980, respectively. The average effective interest rate for the year 1981 was 21.8% and for 1980 was 18.9%. These average rates represent total short-term interest incurred, divided by the average balance outstanding.

Other borrowings included amounts from nonconsolidated affiliates of $141 million in 1981 ($95 million in 1980).

Although the total unused credit available to the Company through banks and commercial credit markets is not readily quantifiable, confirmed credit lines in excess of $1 billion had been extended by about 80 banks at year-end 1981. Of these lines, approximately $500 million are also available for use by General Electric Credit Corporation.

14. Accounts payable

December 31 (In millions)	1981	1980
Trade accounts	$1,371	$1,402
Collected for the account of others	230	203
Nonconsolidated affiliates	411	66
	$2,012	$1,671

15. Other costs and expenses accrued

The balances at year-end 1981 and 1980 included compensation and benefit costs accrued of $735 million and $703 million, respectively.

16. Long-term borrowings

Outstanding December 31 (In millions)	1981	1980	Due date	Sinking fund/ prepayment period
General Electric Company				
5¾% Notes	$ 56	$ 62	1991	1972-90
5.30% Debentures	62	70	1992	1973-91
7½% Debentures	133	135	1996	1977-95
8½% Debentures	284	288	2004	1985-03
Utah International Inc.				
Notes with banks	71	37	1993	1982-93
8% Guaranteed Sinking Fund Debentures	13	15	1987	1977-87
7.6% Notes	24	28	1988	1974-88
Other	28	32		
General Electric Overseas Capital Corporation:				
4¼% Bonds	23	23	1985	1976-84
4¼% Debentures	50	50	1987	None
5½% Sterling/Dollar Guaranteed Loan Stock	7	9	1993	None
Other	33	34		
All other	275	217		
	$1,059	$1,000		

The amounts shown above are after deduction of the face value of securities held in treasury, of which the more significant amounts are shown below.

Face value of long-term borrowings in treasury

December 31 (In millions)	1981	1980
General Electric Company.		
5.30% Debentures	$48	$50
7½% Debentures	31	35
8½% Debentures	16	12

Utah International Inc. notes with banks were subject to average interest rates at year-end 1981 and 1980 of 10.4% and 11.3%, respectively.

Borrowings of General Electric Overseas Capital Corporation are unconditionally guaranteed by General Electric as to payment of principal, premium if any, and interest. This Corporation primarily assists in financing capital requirements of foreign companies in which General Electric has an equity interest, as well as financing certain customer purchases. Borrowings include 4¼% Guaranteed Debentures due in 1987, which are convertible into General Electric common stock at $80.75 a share, and 5½% Sterling/Dollar Guaranteed Loan Stock due in 1993 in the amount of £3.6 million ($7 million), convertible into GE common stock at $73.50 a share

All other long-term borrowings were largely by foreign and real estate development affiliates with various interest rates and maturities, and included amounts due to nonconsolidated affiliates of $7 million in 1981 and 1980.

Long-term borrowing maturities during the next five years, including the portion classified as current, are $104 million in 1982, $139 million in 1983, $75 million in 1984, $83 million in 1985 and $61 million in 1986. These amounts are after deducting reacquired debentures held in treasury for sinking fund requirements.

17. Common stock

(In millions)	1981	1980	1979
Common stock issued			
Balance January 1 and December 31	$579	$579	$579
Amounts received for stock in excess of par value			
Balance January 1	$659	$656	$658
Gain/(loss) on disposition of treasury stock	(2)	3	(2)
Balance December 31	$657	$659	$656
Common stock held in treasury			
Balance January 1	$189	$180	$172
Purchases	176	145	156
Dispositions.			
Employee savings plans	(113)	(99)	(124)
Employee stock ownership plan	(24)	(16)	(11)
Incentive compensation plans	(5)	(7)	(8)
Stock options and appreciation rights	(14)	(14)	(5)
Business acquisitions	(13)	—	–
Balance December 31	$196	$189	$180

At December 31, 1981, 1980 and 1979, respectively, 227,761,000 and 227,765,000 and 227,839,000 common shares were outstanding after deducting common stock held in treasury as summarized at upper right.

Shares of treasury stock

December 31 (In thousands)	1981	1980	1979
Deferred incentive compensation	2,037	1,922	1,785
Other corporate purposes	1,666	1,777	1,840
	3,703	3,699	3,625

Shares held for deferred compensation provisions of incentive compensation plans are carried at market value at the time of allotment, which was $105 million, $96 million and $88 million at December 31, 1981, 1980 and 1979, respectively. The liability is recorded in other liabilities. Remaining common stock in treasury is carried at cost. The maximum number of shares required for conversion of General Electric Overseas Capital Corporation convertible debt was 734,000 at December 31, 1981. Requirements of shares for conversions and benefit plans may be met either from unissued shares or from shares in treasury

18. Stock option information

		Average per share	
(Shares in thousands)	Shares subject to option	Option price	Market price
Balance at January 1, 1980	4,759	$50.67	$50.63
Options granted	98	61.50	61.50
Options exercised	(273)	44.13	56.16
Options surrendered on exercise of appreciation rights	(124)	41.93	54.92
Options terminated	(157)	51.02	—
Balance at December 31, 1980	4,303	51.56	61.25
Options granted	921	56.20	56.20
Options exercised	(254)	48.99	63.74
Options surrendered on exercise of appreciation rights	(130)	48.00	63.29
Options terminated	(200)	55.65	—
Balance at December 31, 1981	4,640	52.55	57.48

Stock option plans, appreciation rights and performance units are described in the Company's current Proxy Statement. The number of shares available for granting additional options at the end of 1981 was 1,044,373 (1,862,756 at the end of 1980).

19. Commitments and contingent liabilities

Lease commitments and contingent liabilities, consisting of guarantees, pending litigation, taxes and other claims, in the opinion of management, are not considered to be material in relation to the Company's financial position

Industry segment information

Revenues

(In millions)

For the years ended December 31

	Total revenues			Intersegment sales			External sales and other income		
	1981	1980	1979	1981	1980	1979	1981	1980	1979
Services and materials	$ 2,464	$ 2,115	$ 1,901	$ 91	$ 84	$ 73	$ 2,373	$ 2,031	$ 1,828
Earnings of GE Credit Corp	129*	115	90	—	—	—	129*	115	90
Total services and materials	2,593	2,230	1,991	91	84	73	2,502	2,146	1,918
Consumer products	6,643	6,342	5,990	128	111	126	6,515	6,231	5,864
Industrial products	4,871	4,690	4,375	363	352	350	4,508	4,338	4,025
Natural resources	1,722	1,374	1,260	—	—	—	1,722	1,374	1,260
Power systems	5,982	5,815	5,124	223	272	201	5,759	5,543	4,923
Technical systems	3,979	3,252	2,761	195	206	170	3,784	3,046	2,591
Aircraft engine	2,950	2,660	2,190	55	36	13	2,895	2,624	2,177
Corporate items and eliminations	(886)	(840)	(711)	(1,055)	(1,061)	(933)	169	221	222
Total	$27,854	$25,523	$22,980	$ —	$ —	$ —	$27,854	$25,523	$22,980

Operating profit

For the years ended December 31

Net earnings

For the years ended December 31

	Operating profit			Net earnings		
	1981	1980	1979	1981	1980	1979
Services and materials	$ 477	$ 403	$ 385	$ 253	$ 206	$ 212
Earnings of GE Credit Corp	129*	115	90	129*	115	90
Total services and materials	606	518	475	382	321	302
Consumer products	549	615	617	292	312	338
Industrial products	495	438	335	242	225	171
Natural resources	493	404	431	284	224	208
Power systems	446	366	349	224	201	183
Technical systems	249	230	215	98	105	113
Aircraft engine	322	275	185	149	141	97
Total segment operating profit	3,160	2,846	2,607			
Interest and other financial charges	(401)	(314)	(258)			
Corporate items and eliminations	(99)	(39)	42	(19)	(15)	(3)
Total	$ 2,660	$ 2,493	$ 2,391	$ 1,652	$ 1,514	$ 1,409

Assets

At December 31

Property, plant and equipment

For the years ended December 31

	Assets			Additions			Depreciation, depletion and amortization		
	1981	1980	1979	1981	1980	1979	1981	1980	1979
Services and materials	$ 2,150	$ 1,835	$ 1,461	$ 340	$ 352	$ 252	$ 126	$ 94	$ 80
Investment in GE Credit Corp	1,074	931	817	—	—	—	—	—	—
Total services and materials	3,224	2,766	2,278	340	352	252	126	94	80
Consumer products	2,926	2,656	2,500	309	267	221	162	145	127
Industrial products	2,074	2,031	1,916	187	170	126	93	83	82
Natural resources	2,359	2,109	1,679	325	446	201	111	94	83
Power systems	3,718	3,702	3,381	285	250	202	181	150	139
Technical systems	2,309	1,713	1,328	327	167	113	104	76	65
Aircraft engine	1,951	1,703	1,225	187	239	123	86	50	37
Corporate items and eliminations	2,381	1,831	2,337	65	57	24	19	15	11
Total	$20,942	$18,511	$16,644	$ 2,025	$ 1,948	$ 1,262	$ 882	$ 707	$ 624

*Excluding income support payment by GE

The grouping of products and services for industry segment reporting purposes was revised in 1981 The new grouping closely parallels the organization of the Company into Sectors for internal management purposes but is on a worldwide basis. This means that products and services of multi-industry foreign affiliates are classified by appropriate industry segments. The types of products and services within each segment, as well as additional commentary relevant to segment operations, are on pages 22 through 28 of this Report. Because the several segment groupings are substantially different from those presented previously, all years shown have been restated to a comparable basis.

Approximately one-eighth of external sales were to agencies of the U.S. government, which is the Company's largest single customer. Most of these sales were aerospace products and services, which are included in the Technical Systems industry segment, and aircraft engines and related products and services.

Net earnings for industry segments include allocation of corporate interest income, expense and other financial charges to parent company components based on change in individual component average nonfixed investment. Interest and other financial charges of a number of affiliated companies recognize that such companies service their own debt. In 1981, responsibility for the financing programs of certain affiliates was transferred to the Corporate Treasury Operation. Appropriate reclassifications of operating results and total assets for this change are reflected in the years shown.

General corporate expenses are allocated principally on the basis of cost of operations, with certain exceptions and reductions which recognize the varying degrees to which affiliated companies maintain their own corporate structures.

In addition, provision for income taxes ($962 million in 1981, $958 million in 1980, and $953 million in 1979) is allocated based on the total corporate effective tax rate, except for GECC and Natural Resources, whose income taxes are calculated separately.

Minority interest ($46 million in 1981, $21 million in 1980 and $29 million in 1979) is allocated to operating components having responsibility for investments in consolidated affiliates.

In general, it is GE policy to price internal sales as nearly as practicable to equivalent commercial selling prices.

Geographic segment information

Revenues
For the years ended December 31

(In millions)

	Total revenues			Intersegment sales			External sales and other income		
	1981	1980	1979	1981	1980	1979	1981	1980	1979
United States	$22,697	$20,750	$18,859	$ 667	$ 484	$ 467	$22,030	$20,266	$18,392
Far East including Australia	1,624	1,277	1,183	397	355	280	1,227	922	903
Other areas of the world	4,798	4,459	3,814	201	124	129	4,597	4,335	3,685
Elimination of intracompany transactions	(1,265)	(963)	(876)	(1,265)	(963)	(876)	—	—	—
Total	$27,854	$25,523	$22,980	$ —	$ —	$ —	$27,854	$25,523	$22,980

	Net Earnings For the years ended December 31			**Assets** At December 31		
	1981	1980	1979	1981	1980	1979
United States	$ 1,373	$ 1,175	$ 1,120	$16,004	$13,732	$12,693
Far East including Australia	228	169	174	1,187	1,090	842
Other areas of the world	68	181	120	3,902	3,808	3,207
Elimination of intracompany transactions	(17)	(11)	(5)	(151)	(119)	(98)
Total	$ 1,652	$ 1,514	$ 1,409	$20,942	$18,511	$16,644

Geographic segment information (including allocation of income taxes and minority interest in earnings of consolidated affiliates) is based on the location of the operation furnishing goods or services. Included in United States revenues were export sales to unaffiliated customers of $3,681 million in 1981, $3,781 million in 1980, and $2,772 million in 1979. Of such sales, $2,024 million in 1981 ($2,089 million in 1980 and $1,581 million in 1979) were to customers in Europe, Africa and the Middle East; and $776 million in 1981 ($926 million in 1980 and $741 million in 1979) were to customers in the Far East including Australia. U.S. revenues also include royalty and licensing income from unaffiliated foreign sources.

Revenues, net earnings and assets associated with foreign operations are shown in the tabulations above. At December 31, 1981, foreign operation liabilities, minority interest in equity and GE interest in equity were $2,789 million, $154 million and $2,146 million, respectively. On a comparable basis, the amounts were $2,562 million, $141 million and $2,195 million, respectively, at December 31, 1980; and $2,101 million, $139 million and $1,809 million, respectively, at December 31, 1979.

Supplementary data

(Unaudited)

Selected financial data adjusted for the effect of changing prices in dollars of average 1981 purchasing power

(Dollar amounts in millions, except per-share amounts)	1981	1980	1979	1978	1977
Sales	$27,240	$27,555	$28,144	$27,400	$26,294
Current cost information					
Net earnings	1,164	1,105	1,235	1,206	1,105
Net earnings per share	5.12	4.86	5.44	5.29	4.86
Share owners' equity at December 31	14,090	14,256	13,976	13,809	13,353
Excess of increase in general price level over increases in specific GE price levels (a)	703	216	412		
General price level only					
Net earnings	1,130	1,136	1,334		
Net earnings per share	4.97	4.99	5.86		
Share owners' equity at December 31	14,076	13,664	13,077		
Other					
Purchasing power loss (b)	84	219	262	160	76
Dividends per share	3.15	3.26	3.44	3.49	3.16
Market price per share at December 31	56	65	60	63	73
Average Consumer Price Index (CPI-U, 1967 = 100)	272.4	246.8	217.4	195.4	181.5

(a) At December 31, 1981, in end-of-year dollars, the current cost of inventory was $6,018 million, and property, plant and equipment was $9,768 million. In dollars of average 1981 purchasing power, the increase that might have been expected from general inflation was more than the increase in specific GE current costs by the amount shown. A similar pattern is shown in the other years.

(b) On net monetary items

The above data as well as the data on page 37 have been prepared in accordance with Financial Accounting Standards Board requirements. GE Annual Reports for 1979 and 1980 included technical information about the methodology used by GE in preparing these data. Copies of those earlier Reports may be obtained by writing to Investor Relations at the address shown on page 54.

Mineral resource information

Neither traditional nor inflation-adjusted methods of measuring financial results can adequately portray the value of unique, nonreproducible, mineral resource assets. Some measure of the significance of these assets is conveyed by statistical data about the principal mineral assets of General Electric's wholly owned, consolidated affiliate, Utah International, as shown below.

Coal

(Quantities in millions)	1981	1980	1979
Coking coal (Utah share in metric tons) (a)			
Shipped (b)	16.0	13.1	13.8
Average price/metric ton (c)	$55.22	$51.09	$48.39
Steam coal (tons)			
Shipped (b)	13.7	10.5	8.8
Average price/ton	$13.83	$ 7.82	$ 7.09

(a) Utah operates five principal mines in Queensland through an affiliate. Utah's share is 89% of one mine and 68% of the others.

(b) About the same as production

(c) Represents average prices published by an agency of the Australian government for Queensland production, including Utah-operated mines

Coking coal is mined by a Utah affiliate, Utah Development Company, under long-term, renewable Special Coal Mining Leases granted by the state of Queensland, Australia. At December 31, 1981, Utah's share of export entitlements under Special Coal Mining Leases granted by Queensland amounted to 399 million metric tons. Proven reserve quantities in the leased areas were in excess of the entitlements. About 13% of presently available reserves are committed under long-term sales contracts.

Total proven steam coal reserves where operations or active development plans are under way aggregated about 1.6 billion tons at the end of 1981 and 1980. About 25% of these reserves are currently committed under long-term sales contracts. In addition, at the end of 1981 and 1980, Utah had other proven steam coal reserves of about 1.8 billion tons.

Island Copper Mine

(Quantities in thousands)	1981	1980	1979
Ore milled (tons)	15,605	15,192	14,705
Average percent recovery	85.4%	85.2%	87.5%
Pounds of copper			
—sold (a)	117,012	110,305	110,309
Average price per pound of copper			
—copper	$0.78	$0.98	$0.93
—by-products	0.39	0.65	0.43

(a) About the same as production

At 1981 year end, reserves at Island Copper Mine in British Columbia were approximately 171 million tons of ore with a grade of approximately 0.48% copper. These reserves also include gold, silver, molybdenum and rhenium as by-products. About 11% of copper reserves are currently committed under long-term contracts.

Ten-year summary (a)

Selected financial data

(Dollar amounts in millions, per-share amounts in dollars)	1981	1980	1979
Summary of operations			
Sales of products and services to customers	$27,240	$24,959	$22,461
Cost of goods sold	18,945	17,751	15,991
Selling, general and administrative expense	4,966	4,258	3,716
Depreciation, depletion and amortization	882	707	624
Operating costs	24,793	22,716	20,331
Operating margin	2,447	2,243	2,130
Other income	614	564	519
Interest and other financial charges	(401)	(314)	(258)
Earnings before income taxes and minority interest	2,660	2,493	2,391
Provision for income taxes	(962)	(958)	(953)
Minority interest	(46)	(21)	(29)
Net earnings	$ 1,652	$ 1,514	$ 1,409
Earnings per common share	$ 7.26	$ 6.65	$ 6.20
Dividends declared per common share (b)	$ 3.15	$ 2.95	$ 2.75
Earnings as a percent to sales	6.1%	6.1%	6.3%
Earned on average share owners' equity	19.1%	19.5%	20.2%
Dividends declared	$ 715	$ 670	$ 624
Shares outstanding–average (in thousands)	227,528	227,541	227,173
Share owner accounts–average	514,000	524,000	540,000
Market price range per share (b)	69⅞-51⅛	63-44	55⅛-45
Price/earnings ratio range (b)	10-7	9-7	9-7
Current assets	$10,804	$ 9,883	$ 9,384
Current liabilities	8,734	7,592	6,872
Working capital	$ 2,070	$ 2,291	$ 2,512
Short-term borrowings	$ 1,171	$ 1,093	$ 871
Long-term borrowings	1,059	1,000	947
Minority interest in equity of consolidated affiliates	166	154	152
Share owners' equity	9,128	8,200	7,362
Total capital invested	$11,524	$10,447	$ 9,332
Earned on average total capital invested	17.4%	17.3%	17.6%
Share owners' equity per common share–year end	$ 40.08	$ 36.00	$ 32.31
Total assets	$20,942	$18,511	$16,644
Property, plant and equipment additions	$ 2,025	$ 1,948	$ 1,262
Worldwide employment–average	404,000	402,000	405,000

(a) Data for years prior to 1976 have been adjusted as appropriate to reflect the December 1976 acquisition of Utah International Inc., which was accounted for as a pooling of interests

(b) For General Electric common stock as reported in the years shown

1978	1977	1976	1975	1974	1973	1972
$19,654	$17,519	$15,697	$14,105	$13,918	$11,945	$10,474
13,915	12,288	11,048	10,210	10,092	8,445	7,381
3,205	3,011	2,635	2,238	2,240	2,058	1,872
576	522	486	470	415	372	344
17,696	15,821	14,169	12,918	12,747	10,875	9,597
1,958	1,698	1,528	1,187	1,171	1,070	877
419	390	274	174	207	203	207
(224)	(199)	(175)	(187)	(197)	(143)	(121)
2,153	1,889	1,627	1,174	1,181	1,130	963
(894)	(773)	(668)	(460)	(458)	(457)	(385)
(29)	(28)	(28)	(26)	(18)	(12)	(5)
$ 1,230	$ 1,088	$ 931	$ 688	$ 705	$ 661	$ 573
$ 5.39	$ 4.79	$ 4.12	$ 3.07	$ 3.16	$ 2.97	$ 2.57
$ 2.50	$ 2.10	$ 1.70	$ 1.60	$ 1.60	$ 1.50	$ 1.40
6.3%	6.2%	5.9%	4.9%	5.1%	5.5%	5.5%
19.6%	19.4%	18.9%	15.7%	17.8%	18.4%	17.5%
$ 570	$ 477	$ 361	$ 326	$ 315	$ 287	$ 268
227,985	227,154	225,791	224,262	222,921	222,631	222,503
552,000	553,000	566,000	582,000	566,000	543,000	542,000
57⅝-43⅝	57¼-47⅜	59¼-46	52⅞-32⅜	65-30	75⅞-55	73-58¼
11-8	12-10	14-11	17-10	19-9	24-17	25-20
$ 8,755	$ 7,865	$ 6,685	$ 5,750	$ 5,334	$ 4,597	$ 4,057
6,175	5,417	4,605	4,163	4,032	3,588	2,921
$ 2,580	$ 2,448	$ 2,080	$ 1,587	$ 1,302	$ 1,009	$ 1,136
$ 960	$ 772	$ 611	$ 667	$ 656	$ 676	$ 453
994	1,284	1,322	1,239	1,403	1,166	1,191
151	132	119	105	86	63	54
6,587	5,943	5,253	4,617	4,172	3,774	3,420
$ 8,692	$ 8,131	$ 7,305	$ 6,628	$ 6,317	$ 5,679	$ 5,118
16.3%	15.8%	15.1%	12.5%	13.4%	13.7%	12.7%
$ 28.88	$ 26.05	$ 23.18	$ 20.49	$ 18.65	$ 16.94	$ 15.35
$15,036	$13,697	$12,050	$10,741	$10,220	$ 9,089	$ 8,051
$ 1,055	$ 823	$ 740	$ 588	$ 813	$ 735	$ 501
401,000	384,000	380,000	380,000	409,000	392,000	373,000

Other information

Quarterly dividend and stock market information

	Dividends declared		Common stock market price range	
	1981	1980	1981	1980
First quarter	75¢	70¢	$69⅛-59⅛	$57½-44
Second quarter	80	75	69⅞-61⅝	52 -44½
Third quarter	80	75	63¾-51⅛	58⅛-51⅛
Fourth quarter	80	75	60⅜-53⅛	63 -51½

The New York Stock Exchange is the principal market on which GE common stock is traded and, as of December 7, 1981, there were approximately 502,000 share owners of record.

Operations by quarter

(Dollar amounts in millions, per-share amounts in dollars)	First quarter	Second quarter	Third quarter	Fourth quarter
1981:				
Sales of products and services to customers	$6,088	$6,955	$6,636	$7,561
Operating margin	514	642	595	696
Net earnings	359	436	405	452
Net earnings per common share	1.57	1.92	1.78	1.99
1980:				
Sales of products and services to customers	$5,881	$6,197	$5,963	$6,918
Operating margin	527	556	513	647
Net earnings	342	403	358	411
Net earnings per common share	1.50	1.77	1.58	1.80

Dividend Reinvestment Plan

GE share owners whose Company stock is registered in their own names and whose addresses of record are in the United States or its territories or possessions are eligible to participate in the GE Dividend Reinvestment Plan. For information on the plan, write to: Securities Ownership Records, General Electric Company, P.O. Box 206, Schenectady, N.Y. 12301.

Form 10-K and other supplemental information

The financial information in this Report, in the opinion of management, substantially conforms with or exceeds the information required in the "10-K Report" submitted to the Securities and Exchange Commission. Certain supplemental information, considered nonsubstantive, is included in that report, however, and copies without exhibits will be available without charge, on or about May 1, from: *Investor Relations, General Electric Company, Fairfield, Connecticut 06431*.

Copies of the General Electric Pension Plan, the Summary Annual Report for GE employee benefit plans subject to the Employee Retirement Income Security Act of 1974, and other GE employee benefit plan documents and information are available by writing to Investor Relations and specifying the information desired.

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The Jones years

The 10-year summary of GE performance on pages 52 and 53 spans the years of leadership by Reginald H. Jones. The seventh Chief Executive Officer to serve the Company since its incorporation in 1892, Mr. Jones strengthened and reshaped GE. While increasing earnings, he adapted the Company to a changing world and changing opportunities. During his eight-year tenure, sales more than doubled from the $10 billion level of 1972, and net earnings increased from $573 million to over $1.5 billion by 1980.

As Chairman, Mr. Jones established an effective and respected strategic planning system that involved management at all levels. He helped direct GE into exciting new markets and businesses — including the merger with Utah International Inc. — and produced increased earnings. A result of this reorientation was less dependence upon earnings from traditional electrical equipment businesses and more emphasis on high-growth areas such as man-made materials and natural resources. Additional growth has resulted from becoming a world-class competitor through increased exports and expanded international operations.

His belief that public policy and social issues are in the mainstream of business planning and management was reflected in his active role in The Business Roundtable and the President's Export Council. He championed the cause of upward mobility for minorities, exemplified by his service as founding Chairman of the National Council for Minorities in Engineering.

Mr. Jones leaves to his successors a Company that is financially strong, strategically focused and technologically innovative — positioned to meet future challenges.

The 1981 Annual Report is an issue of the General Electric *Investor*, published regularly to inform share owners and investors about activities of the General Electric Company. Others may receive the *Investor* on request.

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